



Mapping the Financial Technology Industry in Indonesia

Nicholas Renaldo^{a*}, Achmad Tavip Junaedi^a, Sulaiman Musa^b, Nabila Wahid^c, Cecilia Cecilia^d

^aBusiness Faculty, Institut Bisnis dan Teknologi Pelita Indonesia, Indonesia

^bBusiness Faculty, Universiti Brunei Darussalam, Brunei Darussalam

^cSchool of Business & Economics, North South University, Bangladesh

^dInternational College of Chinese Studies, East China Normal University, China

Article History

Received

5 December 2023

Received in revised form

20 January 2024

Accepted

25 January 2024

Published Online

31 January 2024

*Corresponding author

nicholasrenaldo@lecturer.pelitaindonesia.ac.id

Abstract

This study aims to deepen the fintech landscape in Indonesia with focus on types of fintech, companies popular, and the role of fintech market aggregators. With internet penetration reached 67%, Indonesia became lush backdrop for fintech innovation, supported by regulation and proactive government to support the growth sector. This. Methodology study combine study literature, studies cases, interviews with holder interests, research field, analysis statistics, SWOT analysis, surveys users, and analysis continuity. The literature review provides a base for understanding global fintech trends, interim studies case detail development leading fintech companies like My Capital, Friends Money, and Kredivo. Research result covers identification four main types of fintech in Indonesia: P2P Lending and Crowdfunding, Management Risk Investment, Payment-Clearing-Settlement, and Market Aggregator. Fintech market aggregators such as Cekaja.com, Cermati.com, and DuitPintar.com play role important in give information and comparison product finance to consumer. With results study This is expected can give understanding deep about the evolution of fintech in Indonesia, as well give base for policy public, developers business, and internal investors optimizing growth and inclusion finance in the digital era.

Keywords: Industry, Financial, Technology, Financial Technology, Indonesia

DOI: <https://doi.org/10.35145/jabt.v5i1.162>

1.0 INTRODUCTION

Indonesia's financial technology (fintech) landscape is experiencing robust growth, fueled by a combination of factors that position the country as a fertile ground for innovation. With a significant internet (Sevendy et al., 2023) penetration rate (Eddy et al., 2023) of 67%, the nation presents a vast potential market for digital (Suhardjo, Renaldo, Sevendy, Yladbla, et al., 2023) financial services (Kumalasari & Endiana, 2023). However, despite this connectivity, financial inclusion remains a major challenge, prompting both government and private sector initiatives to bridge the gap.

The Indonesian government has played a pivotal role in driving fintech innovation by introducing regulations in key areas such as peer-to-peer (P2P) lending, digital (Junaedi et al., 2023) payments, and, most recently, open banking. These regulatory frameworks aim to create an environment that fosters innovation while ensuring consumer protection and financial stability. The focus on open banking, in particular, reflects a forward-looking approach that seeks to unlock new possibilities for financial services by encouraging collaboration and interoperability among various players in the ecosystem.

The government's proactive stance aligns with its broader goal of improving financial inclusion across the archipelago. By providing a regulatory framework that encourages responsible fintech practices, the authorities hope to empower underserved populations with access to formal financial services. This commitment to financial inclusion has garnered attention from both local and international investors, who recognize the immense potential within Indonesia's digital financial services sector.

As a result, significant investments have been pouring into the Indonesian fintech ecosystem. Local startups and international players alike are making substantial bets on the prospects of digital financial services, recognizing the untapped market opportunities. The influx of capital not only provides a boost to the growth of existing fintech companies but also paves the way for new entrants and innovative solutions to address the unique challenges faced by Indonesia's diverse and dispersed population.

The rapidly growing fintech ecosystem in Indonesia is driven by the government which has introduced regulations in various areas including peer-to-peer (P2P) lending, digital payments, and most recently open banking, in the hope of encouraging innovation and improvement financial inclusion (Pollio & Cirolia, 2022). This favorable landscape has attracted the attention of local and international investors, many of whom are betting big on the prospects of digital financial services in the country (Asif et al., 2023).

Fintech Landscape and Development as of May 2019, there were 249 fintech companies in Indonesia, ranging from savings and loans to payments and additional capital. The two fastest-growing areas of fintech in Indonesia are peer-to-peer (P2P) lending and electronic payments (Widyastuti & Hermanto, 2022). Based on Bank Indonesia statistics, the value of electronic money transactions grew sixfold between 2012 and 2017 to IDR 12.3 trillion (\$840 million).

Based on the description of this phenomenon, this research aims to map the financial technology industry in Indonesia. The difference between this research and previous research is that this is the first research in Indonesia to map the financial technology industry and can provide further knowledge about financial technology for future researchers in Indonesia.

2.0 LITERATURE REVIEW

Types of Fintech in Indonesia

Basically, fintech has Lots services and products that can utilized by the community. However, according to Bank Indonesia, this fintech divided into 4 types, namely:

1. Peer-to-Peer (P2P) Lending and Crowdfunding
P2P lending and crowdfunding, also known as financial marketplaces. Platforms like This are capable bring together parties who need funds with the party who provides funds as capital or investment (Almulla & Aljughaiman, 2021). Usually, the process is through P2P lending more practical because can be done in one online platform (Kurniawan et al., 2023).
2. Management Risk Investment
In one kind, you can monitor condition finances and also do planning finance with easier and more practical. Types of management risk investment are usually present and accessible to you via smartphone (Iman, 2020). You just need to provide the required data to control (Hutabarat, 2024; Renaldo et al., 2021) your finances (Lusardi, 2019).
3. Payment, Clearing and Settlement
There are some frequent financial startups that provide a payment gateway or e-wallet which is the second product the still enters in payment, clearing, and settlement categories (Suryono et al., 2020).
4. Market Aggregator
This current type of fintech refers to the portal that collects diverse information related to finance for serving the target audience or user (Langley & Leyshon, 2022). Usually, the fintech type Contains various information, financial tips, cards credit, and investments (Brown & Piroaska, 2022). With the existence of fintech types, hopefully, you can absorb Lots of information before making a decision related to finance (Mufidah et al., 2023).

3.0 METHODOLOGY

Research purposes

Identify trends, developments and the role of fintech in Indonesia, with emphasis on fintech types, companies popular, and the contribution of fintech market aggregators.

Approach Study

Literature Review

Do review deep (Sekaran & Bougie, 2016) about relevant literature related to fintech in Indonesia, types of fintech, growth industry, and its impact (Nyoto et al., 2023) on inclusion finance. Analysis literature can also cover global trends in fintech industry.

Case study

Analyze popular fintech company like My Capital, Friends Money, and Kredivo through studies case. Focus on business models, innovation and impact them on society and the economy.

Interview

Do interview with representative from fintech companies, regulators, and stakeholders' interest other for get more insight deep about challenges, opportunities and developments in the fintech industry.

4.0 RESULTS AND DISCUSSION

Following This is Indonesia's most popular and experienced FinTech companies' growth fast according to IDC financial highlights. Companies This already registered with the Financial Services Authorization (OJK), so credibility from company No need doubtful Again.

1. My capital

My capital is one of the Indonesian Fintech peer-to-pee lending platforms that allows owners (SMEs) to be able to submit loan amounting to 50 million up to 500 million rupiah in period time three to twelve month. If application borrowing is in ACC, then submission the will displayed on the Modalku site. This matter aims to ensure that candidates giver loan or investors can see needs of SMEs.

2. Friends Money

Friends Money is one of the sites that provides it service loan start from 1 to 3 million. Payback time loan This that is three tens day and without exists collateral. Currently, the Friends Money service has present through various platforms such as web, iOS and Android applications. Service this too has been present in various city, start from Jabodetabek, Solo, Yogyakarta, Magelang, Bandung, Klaten, Surabaya, Bali, Semarang, and Makassar.

3. Kredivo

Kredivo is a startup with draft loan without card credit with the registration process as well as fast disbursement of funds. This online (Suhardjo, Renaldo, Sevendy, Wahid, et al., 2023) loan startup offer convenience in shop without card credit on several e-commerce sites and outlets popular like gadget and electronic outlets, fashion, equipment House until outlets offering service. Kredivo also offers convenience in loan cash with flower Lowest compared to company kind.

Peer to Peer (P2P) Lending and Crowd Funding

Peer-to-Peer (P2P) is something system (Bongmini, 2023) (platform) that brings together giver loan (creditor) with borrower (debtor). In P2P, the money borrowed is also charged a number interest per month compete with flower Credit Without Collateral (Kredit Tanpa Agunan / KTA). In practice, activities P2P lending and borrowing is done by online. Giver loans and borrowers No meet One each other. Besides that, you can get loan without need guarantee anything (without collateral). After loan approved, you will bound agreement about obligation to giver loan.

Different from system borrowing, in crowdfunding or crowdfunding, you precisely get the amount of funds in the form of a donation (Hossain & Oparaocha, 2017). Similar with P2P, crowdfunding involves three parties: project owners, funders, and platform providers. you just need to tell your business ideas and various opportunities business to the front. If anyone is interested, the funder will together or in a joint venture provide funds for the way your business. On the other hand, crowdfunding is also utilized as action fundraising for objective social (Sudarno et al., 2024). So, in Crowdfunding, you at least must as well as possibly convey a story regarding your project. If the funder is interested and happy with the story told, chances are you will get funding for the project you have.

Peer-to-peer (P2P) is the same as debt, while Crowdfunding does not change it like donation. The equation is, that funds are obtained online via the platform provider. Difference other between peer-to-peer (P2P) and Crowdfunding, namely: In P2P, you will face an agreement written related to the amount of funds you borrow from investors and the liabilities the return. This also requires you to give detailed information related to business in the in-accordance agreement. Crowdfunding does not need an agreement written Because its voluntary nature. Crowdfunding requires your abilities to be deep in presenting project ideas with Good through a platform provider so that many people are interested give the funds. While P2P does not require matter the. Although both of them can become a source of capital for your business, but important for you to consider and choose the most appropriate one. Customize type your business as well as its growth moment now and in the future. With so, the capital you get can impact maximum in the business.

Market Aggregator

Fintech Market Aggregator is a fintech service that provides information about financing services, making it easier for users to compare costs/prices between financing costs that may be used (Najib et al., 2021). Some Fintech Market Aggregators can be used to help their users access financial services directly through their platforms. This fintech market aggregator can be used by consumers whenever they want to buy a product, where consumers can easily compare several types of products and then choose which one they consider best suits their individual needs or preferences. Some examples of Fintech in the Market Aggregator category include: There are Fintech Market Aggregator services which can generally be accessed directly via a browser or web for use of these services. However, several Market Aggregator services can be accessed via mobile applications.

A number of Examples of Fintech in the Market Aggregator category include:

1. Cekaja.com

It is a neutral and trusted information and comparison service portal to help Indonesian people make smart financial decisions. Cekaja.com provides selected financing and insurance products in a fast, easy, and short way. Therefore, Cekaja.com products and services are always updated and expanded to cover all types of credit, insurance, savings, investments, and other consumer products.

2. Cermati.com

Providing various types of information to help Indonesian people find the best financial products. Be careful to also provide data access to thousands of financing products for free to make it easier for the Indonesian people to make careful decisions. Financial users on this platform can compare credit card financing services, loans (unsecured, mortgage, etc.), and insurance.

3. DuitPintar.com

It is a media for promotion, information, and education (Kudri & Putra, 2024) and only as a forum. Not a lender or agent of a financial institution. DuitPintar users can compare various types of loans, insurance, and credit cards. DuitPintar is only limited to information for financial services.

Market Aggregator was created to help make it easier for consumers to find products that suit their financial needs (Mikalef et al., 2020). Consumers can search for information in a more detailed way than before so they can make the right decisions to meet their financing needs. For example, when someone wants to make a credit card or apply for KTA (unsecured credit), you can visit Cekaja, KreditGogo, or Hati-hati. Then, the market aggregator will display all credit card provider services and provide data on the aspects and advantages of each credit card issuing bank. As I see it, users can weigh and choose the right product according to their needs.

5.0 CONCLUSION

Conclusion

From exploration about fintech landscape in Indonesia, can take a number of conclusion important:

1. Fintech Growth Potential in Indonesia: With Indonesia offering internet penetration reaching 67%, there is huge growth potential for fintech innovation. Inclusive financing remains a challenge, and the government is proactive in making regulations to support the growth of the fintech sector.
2. Diversification of Fintech Services: Fintech in Indonesia offers a variety of services, including peer-to-peer (P2P) lending, digital payments, investment purchasing, and investment risk management. P2P lending and digital payments are the two fastest-growing fintech segments in Indonesia.
3. Types of Fintech in Indonesia: Fintech in Indonesia can be grouped into four main types: P2P Lending and Crowdfunding, Investment Risk Management, Payment-Clearing-Settlement, and Market Aggregator. This type of fintech has a unique role in meeting the financing needs of society and business actors.
4. Popular Fintech Companies in Indonesia: Several popular and experienced fintech companies whose services are growing rapidly in Indonesia include Modalku, Uang Teman, and Kredivo. This company offers loan solutions with various innovative models and terms.
5. Role of Fintech Market Aggregator: Fintech Market Aggregators such as Cekaja.com, Cermati.com, and DuitPintar.com play an important role in providing information and comparison of financing products. Market Aggregator helps consumers make financial decisions more carefully and according to their needs.
6. Innovation and Encouraging Investment: The supportive environment in Indonesia has attracted the attention of local and international investors to invest in digital financial services. The growth of fintech in Indonesia reflects the need for innovation in supporting financial inclusion and accelerating the development of the digital financial ecosystem.
7. Overall, the fintech landscape in Indonesia is showing rapid growth, driven by government initiatives, increasing internet penetration, and investor interest. Empowering communities to access financial services and innovative approaches to financing are the main focus in the development of fintech in Indonesia.

Suggestion

Here are some research suggestions that can be explored further to deepen understanding of the fintech landscape in Indonesia:

1. Financial Inclusion Analysis: Delve further into how fintech can contribute to increasing financial inclusion in Indonesia. Focus on how fintech services can reach community groups that have not been served traditionally.
2. Security and Consumer Protection: Explore the security policies and practices implemented by fintech companies in Indonesia. Review consumer protection policies and data security measures taken by fintech companies to ensure user trust (Amin & Wijaya, 2024) and security.
3. Risk Analysis and Regulatory Compliance: Regulations have a comprehensive impact on the growth of fintech in Indonesia. Pay attention to how fintech companies manage risks and comply with regulations related to their business.

4. Use New Technology: Be thorough in adopting new technology such as artificial intelligence (AI) (Renaldo et al., 2022), blockchain, and other technologies distributed on fintech services in Indonesia. Evaluate How this innovation can improve operational efficiency and user experience.
5. Case Study of Fintech and Banking Collaboration: Analysis of collaboration between fintech and traditional financial institutions, especially banking. Learn the impact this collaboration will have on market penetration, product innovation, and improved financial services.
6. Impact of the COVID-19 Pandemic: Evaluation of the impact of the COVID-19 pandemic on the fintech industry in Indonesia. Search for changes in consumer behavior, technological adaptation, and strategies implemented by fintech companies during the crisis.
7. The Importance of Financial Education: Research the role of fintech in increasing financial literacy (Setyowati et al., 2023) in Indonesia. Reviewing financial practice education initiatives undertaken by fintech companies and their impact on people's financial understanding.
8. Sustainability Factors: Considering the sustainability aspects of fintech development in Indonesia. Reviewing the sustainability practices adopted by fintech companies and their impact on the environment and society.

References

- Almulla, D., & Aljughaiman, A. A. (2021). Does financial technology matter? Evidence from an alternative banking system. *Cogent Economics & Finance*, 9(1), 1–21. <https://doi.org/10.1080/23322039.2021.1934978>
- Amin, A. M., & Wijaya, J. (2024). Brand Trust, Celebrity Endorser, and Product Bundling on Purchasing Interest and Its Impact on Decisions to Purchase Starbucks Drink at Pekanbaru. *Interconnection: An Economic Perspective Horizon*, 1(4), 181–197. <https://doi.org/https://doi.org/10.61230/interconnection.v1i4.69>
- Asif, M., Khan, M. N., Tiwari, S., Wani, S. K., & Alam, F. (2023). The Impact of Fintech and Digital Financial Services on Financial Inclusion in India. *Journal of Risk and Financial Management*, 16(122), 1–12. <https://doi.org/10.3390/jrfm16020122>
- Bongmini, E. (2023). Analysis of the Accounting Information System for Purchases of Merchandise in an Effort to Improve Internal Control at PT. Riau Abdi Sentosa. *Nexus Synergy: A Business Perspective*, 1(3), 138–167. <https://firstcierapublisher.com/index.php/nexus/article/view/56>
- Brown, E., & Piroaska, D. (2022). Governing Fintech and Fintech as Governance: The Regulatory Sandbox, Riskwashing, and Disruptive Social Classification. *New Political Economy*, 27(1), 19–32. <https://doi.org/10.1080/13563467.2021.1910645>
- Eddy, P., Sudarno, Renaldo, N., Hutahuruk, M. B., & Prayetno, M. P. (2023). The Effect of Farmers' Exchange Rates on Rice Prices in 2017-2019. *Luxury: Landscape of Business Administration*, 1(2), 102–110. <https://firstcierapublisher.com/index.php/luxury/article/view/33>
- Hossain, M., & Oparaocha, G. O. (2017). Crowdfunding: Motives, Definitions, Typology and Ethical Challenges. *Entrepreneurship Research Journal*, 7(2), 1–14. <https://doi.org/10.1515/erj-2015-0045>
- Hutabarat, L. E. (2024). Analysis of the Internal Control System for Receivables at CV. Putra Riau Mandiri. *Luxury: Landscape of Business Administration*, 2(1), 1–25. <https://doi.org/https://doi.org/10.61230/luxury.v2i1.65>
- Iman, N. (2020). The rise and rise of financial technology: The good, the bad, and the verdict. *Cogent Business & Management*, 7(1), 1–17. <https://doi.org/10.1080/23311975.2020.1725309>
- Junaedi, A. T., Renaldo, N., Yovita, I., Veronica, K., & Jahrizal. (2023). Development of Digital Economy Teaching Materials: Basic Concepts of Business Intelligence. *Reflection: Education and Pedagogical Insights*, 1(2), 51–61. <https://doi.org/10.61230/reflection.v1i2.28>
- Klimowicz, A., & Spirzewski, K. (2021). Concept of Peer-to-Peer Lending and Application of Machine Learning in Credit Scoring. In *Journal of Banking and Financial Economics* (Vol. 2, Issue 16). <https://doi.org/10.7172/2353-6845.jbfe.2021.2.2>
- Kudri, W. M., & Putra, R. (2024). Elevating Village Financial Care: Igniting Excellence through Dynamic Education and Training in Work Motivation. *Interconnection: An Economic Perspective Horizon*, 1(4), 218–232. <https://doi.org/https://doi.org/10.61230/interconnection.v1i4.73>
- Kumalasari, P. D., & Endiana, I. D. M. (2023). The Timeliness of Financial Reporting on Food and Beverage Companies in Indonesia. *Nexus Synergy: A Business Perspective*, 1(3), 193–198. <https://firstcierapublisher.com/index.php/nexus/article/view/58>
- Kurniawan, Y., Putra, A. B. Y., & Cahyadewi, N. P. (2023). Get to Know P2P Lending and Investors Learning Process at Indonesia. *Journal of System and Management Sciences*, 13(1), 241–265. <https://doi.org/10.33168/JSMS.2023.0114>
- Langley, P., & Leyshon, A. (2022). Neo-colonial credit: FinTech platforms in Africa. *Journal of Cultural Economy*, 15(4), 401–415. <https://doi.org/10.1080/17530350.2022.2028652>
- Lusardi, A. (2019). Financial literacy and the need for financial education: evidence and implications. *Swiss Journal*

- of Economics and Statistics, 155(1), 1–8. <https://doi.org/10.1186/s41937-019-0027-5>
- Mikalef, P., Krogstie, J., Pappas, I. O., & Pavlou, P. (2020). Exploring the relationship between big data analytics capability and competitive performance: The mediating roles of dynamic and operational capabilities. *Information and Management*, 57(2), 1–15. <https://doi.org/10.1016/j.im.2019.05.004>
- Mufidah, A., Supeni, N., & Khsbullah, W. (2023). Strategies to Choose Financial Technology for Households. *IConBEM*, 249, 64–77. https://doi.org/10.2991/978-94-6463-216-3_6
- Najib, M., Ermawati, W. J., Fahma, F., Endri, E., & Suhartanto, D. (2021). Fintech in the Small Food Business and Its Relation with Open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(88), 1–17. <https://doi.org/10.3390/joitmc7010088>
- Nyoto, Renaldo, N., & Effendi, I. (2023). SWOT Analysis of Economic Impact Development of Potential Kuantan Singingi Pacu Jalur Tourism Development. *The Seybold Report*, 18(02), 1342–1349. <https://doi.org/10.17605/OSF.IO/T58CF>
- Pollio, A., & Cirolia, L. R. (2022). Fintech urbanism in the startup capital of Africa. *Journal of Cultural Economy*, 15(4), 508–523. <https://doi.org/10.1080/17530350.2022.2058058>
- Renaldo, N., Jollyta, D., Suhardjo, Fransisca, L., & Rosyadi, M. (2022). Pengaruh Fungsi Sistem Intelijen Bisnis terhadap Manfaat Sistem Pendukung Keputusan dan Organisasi. *Jurnal Informatika Kaputama*, 6(3), 61–78.
- Renaldo, N., Sudarno, S., Hutahuruk, M. B., Suyono, & Suhardjo. (2021). Internal Control System Analysis on Accounts Receivable in E-RN Trading Business. *The Accounting Journal of Binaniaga*, 6(2), 81–92. <https://doi.org/10.33062/ajb.v5i2.382>
- Sekaran, U., & Bougie, R. (2016). *Research Method for Business A Skill-Building Approach Seventh Edition* (Seventh Ed). John Wiley & Sons. https://doi.org/10.1007/978-94-007-0753-5_102084
- Setyowati, E., Zulaihati, S., & Fauzi, A. (2023). The Effect of Financial Literacy and Peers towards Saving Behavior with Self-Control as Mediating Variable of Undergraduate Students of Jakarta State University. *Nexus Synergy: A Business Perspective*, 1(1), 61–71. <https://firstcierapublisher.com/index.php/nexus/article/view/40>
- Sevendy, T., Suhardjo, S., Renaldo, N., Remy, A., & Meyer, K. (2023). Internet Understanding Moderates the Influence of Technology Acceptance Model and Digital Taxation on Taxpayer Compliance. *Interconnection: An Economic Perspective Horizon*, 1(3), 163–170. <http://firstcierapublisher.com/index.php/interconnection/article/view/53>
- Sudarno, Hutahuruk, M. B., Prayetno, M. P., Renaldo, N., Taylor, J. A., & Harrison, E. (2024). Educational Tactics through Social Marketing: Enhancing Awareness and Community Participation in Building a Quality Education Environment. *Reflection: Education and Pedagogical Insights*, 1(4), 203–215. <https://doi.org/https://doi.org/10.61230/reflection.v1i4.64>
- Suhardjo, Renaldo, N., Sevendy, T., Yladbla, D., Udab, R. N., & Ukanahseil, N. (2023). Accounting Skills, Digital Literacy, and Human Literacy on Work Readiness of Prospective Accountants in Digital Technology Disruption Era. *Reflection: Education and Pedagogical Insights*, 1(3), 106–115. <http://firstcierapublisher.com/index.php/reflection/article/view/48>
- Suhardjo, S., Renaldo, N., Sevendy, T., Wahid, N., & Cecilia, C. (2023). Customer Satisfaction with Online Food Delivery Services. *Luxury: Landscape of Business Administration*, 1(2), 90–101. <https://firstcierapublisher.com/index.php/luxury/article/view/27>
- Suryono, R. R., Budi, I., & Purwandari, B. (2020). Challenges and Trends of Financial Technology (Fintech): A Systematic Literature Review. *Information*, 11(590), 1–20. <https://doi.org/10.3390/info11120590>
- Widyastuti, M., & Hermanto, Y. B. (2022). The effect of financial literacy and social media on micro capital through financial technology in the creative industry sector in East Java. *Cogent Economics and Finance*, 10(1), 1–15. <https://doi.org/10.1080/23322039.2022.2087647>