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Collaboration Between Fintech and Regional Government In The Village MSME Incubation Program To Increase Their Competitiveness

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Abstrak

Artikel ini bertujuan untuk mengetahui kolaborasi fintech dan pemerintah daerah dalam program inkubasi UMKM desa untuk meningkatkan daya saingnya. Kegiatan pengabdian kepada masyarakat melalui program inkubasi umkm Desa Balingasal Kecamatan Padureso Kabupaten Kebumen Jawa Tengah bertujuan untuk mengedukasi masyarakat khususnya UMKM tentang penggunaan fintech yang belum secara maksimal digunakan dalam hal peningkatan daya saing UMKM di desa. Implementasi program Inkubasi UMKM Desa Balingasal Kecamatan Padureso Kabupaten Kebumen Jawa Tengah menggunakan metode pelatihan dan pembekalan pada Jumat, 23 Februari 2024. Hasil kegiatan ini menunjukkan bahwa peserta kegiatan UMKM memiliki pengetahuan baru atau teredukasi tentang perkembangan dan keberadaan fintech, jenis-jenis fintech, manfaat dari penggunaan fintech serta apa saja keunggulan dari fintech. Peserta juga dibekali pelatihan tentang penggunaan fintech untuk meningkatkan daya saing UMKM dengan memanfaatkan jasa keuangan online. Program fintech pemerintah Kabupaten Kebumen berbentuk Kredit Usaha Rakyat (KUR) yang dapat diakses secara online oleh masyarakat melalui laman tpakd.kebumenkab.go.id.

Kata Kunci: Inkubasi UMKM, fintech, pemerintah daerah

Abstract

This article aims to determine the collaboration between fintech and local government in the village MSME incubation program to increase their competitiveness. Community Service Activities (PKM) through the MSME incubation program in Balingasal Village, Padureso District, Kebumen Regency, Central Java, aims to educate the community, especially MSMEs, about the use of fintech which has not yet been used optimally in terms of increasing the competitiveness of MSMEs in the village. Implementation of the MSME Incubation program in Balingasal Village, Padureso District, Kebumen Regency, Central Java using training and provision methods on Friday, February 23 2024. The results of this activity show that MSME activity participants have new knowledge or are educated about the development and existence of fintech, types of fintech, the benefits of the use of fintech and what are the advantages of fintech. Participants are also provided with training on the use of fintech to increase the competitiveness of MSMEs by utilizing online financial services. The Kebumen Regency government's fintech program is in the form of People's Business Credit (KUR) which can be accessed online by the public via the tpakd.kebumenkab.go.id page.

Keywords: *Incubation of MSMEs, fintech, local government*

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INTRODUCTION

It is becoming easier for people to access the internet, aided by the increasingly widespread use of smartphones in Indonesia, creating potential for the development of digital technology. Every year Indonesian internet users experience an increase in using the internet to use online financial services (Wati, 2021). Financial services have become easily accessible with the presence of technology, so many institutions have started to work on this industrial sector by targeting potential markets, namely MSMEs (Amrin, 2022).

The growth of internet and smartphone users is an opportunity for technology companies that provide financial services (financial technology/fintech). People, especially those who are not yet reached by banks, can use fintech services for their financial needs. Fintech has changed the business model of the banking industry and financial institutions. With fintech, markets that have never been touched before can be reached. Fintech really supports financial service providers to reach people in areas where there are no bank branches. This is possible because internet penetration is greater than the number of bank account holders. Moreover, the population who owns a cellphone is not limited by age (Qodriyah, 2022; Martinelli, 2021).

Apart from that, fintech can also focus on only one part of the three main functions of banking; a place to save, transfer money, and give loans. There are fintechs that only serve transfers, such as mobile wallets, or fintechs that distribute loans specifically for home ownership credit (KPR) only, or fintechs for education loans or working capital only. The market served by fintech also has special segments, especially people who are not served by banking. This market includes middle class consumers who do not have a credit card or small and medium businesses who are just starting their business (Raharjo, 2021).

This is in line with what happened in the MSMEs in Balingasal Village, Padureso District, Kebumen Regency, Central Java, where MSME actors had limited knowledge regarding financial management through fintech and still carried out financial transactions through conventional banking. Most MSMEs do not know the benefits and convenience they get when using fintech in business development.

This phenomenon must be exploited as much as possible by business actors, especially MSMEs as drivers of the national economy. MSMEs play a strategic role in the Indonesian economy and have been tested when Indonesia experienced the last economic crisis. The government needs to provide support to MSMEs to utilize online financial services in developing their business and increasing competitiveness among MSMEs. The support provided focuses on socialization and digital literacy so that they fully understand technological developments and ways to utilize fintech for the progress of their business (Dai, 2020; Safitri, 2020).

The process in an incubator is business incubation as a mechanism to help support starting a business to survive and grow in a competitive business environment. Successful incubation can help develop stronger startups and SMEs thereby creating more jobs and increasing the growth of MSMEs (micro, small and medium enterprises) which must be able to face global challenges, because this requires increasing the competitiveness of MSMEs (Hartatik, 2023).

Several ways that can be done are by developing superior products, including digital transformation of MSME businesses, product and service innovation, human resource development, and expanding marketing areas. This must be done to increase the selling value of MSMEs themselves, especially so that they are able to compete with foreign products which are increasingly flooding industrial and manufacturing centers in Indonesia, considering that MSMEs are one of the economic sectors that have the ability to absorb the largest workforce in the world. . There is irrefutable evidence that MSMEs are able to survive times of crisis and remain stable (Mayasari, 2022).

Based on the explanation above, it is necessary to carry out community service activities in order to educate village communities regarding fintech to maximize the role of fintech amidst technological developments and the ease of using online financial services. Thus, in the author's opinion, this Community Service Activity aims to educate the public regarding the MSME incubation program through collaboration between fintech and local government to increase the competitiveness of MSMEs. With this service, it is hoped that MSMEs can implement the use of fintech to increase competitiveness.

METHOD

Implementation of the MSME Incubation program in Balingasal Village, Padureso District, Kebumen Regency, Central Java using training and provision methods on Friday, February 23 2024. This Community Service Activity involves active participation from individuals or groups who are subjects or participants in the research, namely Balingasal Village MSMEs. This activity also emphasizes collaboration between researchers and participants in the research or development process, with the aim of generating deeper understanding, sharing expertise, and achieving positive social change.

In general, the flow of the MSME incubation program created by the community service team is presented below:

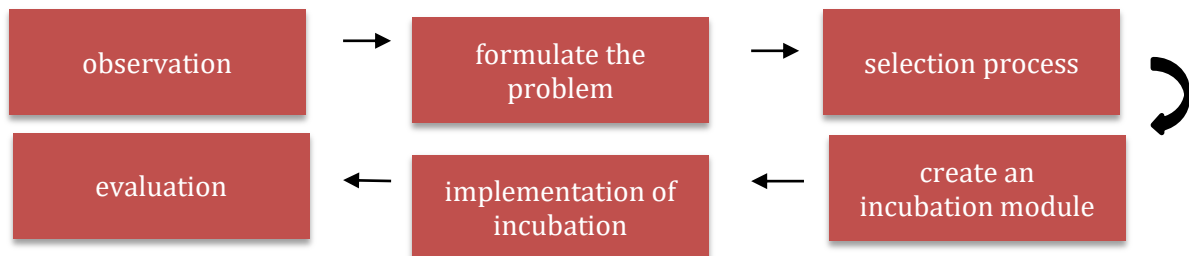


Figure 1. Flow of the MSME Program

RESULTS AND DISCUSSION

People with minimal financial and digital literacy are the main targets for illegal online loans because they are easily trapped in debt. Efforts that can be made as a form of solution to people's problems, especially people who are far from the city center and people who are classified as not having a bank account or unbanked, are by utilizing fintech. In an effort to expand financial inclusion and help improve people's welfare, fintech is a very important strategy to implement. The presence of fintech also provides access to smartphone use in rural areas, and becomes a means of connecting communities.

Fintech can fulfill various kinds of financial needs, such as payments, loans or financing, capital market investments, e-wallets, risk management, clearing, settlement services, and insurance services by using a more attractive packaged touch. Digital loan and payment services are the most frequently used fintech services compared to all other types of fintech services.

Fintech makes it easy to access capital, especially for people who have difficulty accessing the formal sector, for example MSMEs. Therefore, with the many benefits of the presence of fintech, it is very important to understand and educate the public regarding financial literacy. This financial literacy education is carried out so that the public in general can identify financial products and services that suit their needs, the public understands the importance and risks of Fintech, as well as financial products and services that are expected to improve people's welfare.

Financial Technology (FinTech) is an application of technological innovation that can be an option in developing information systems and challenges for companies in Indonesia. In the digital 4.0 era, efforts are being made to use financial technology to encourage the pace of development of financial inclusion which has been targeted by the government together. This financial technology was created to make it easier for financial service users to use financial services easily and digitally.

The implementation of fintech in Balingasal Village MSMEs is expected to be able to access financial services, see the development of fund lending transactions which can increase MSME sales, as well as increase competitiveness between MSMEs. Based on the results of the identification, the problem issue in Balingasal Village MSMEs is that they do not know the uses and risks that arise from the existence of fintech, apart from that, MSMEs still do not understand the transaction mechanisms through fintech companies. Even though some members already know about fintech companies and their business activities, most members of the Balingasal Village MSMEs are not familiar with this. Therefore, this community service activity aims to provide training and education about fintech to MSMEs in Balingasal Village, so it is hoped that holding this activity can provide insight that can make it easier to access various financial services. Another aim of this activity is to increase financial literacy and be inclusive in terms of access to financing for MSMEs in Balingasal Village.

The Balingasal Village UMKM Incubation Program through collaboration between fintech and local government begins with the pre-incubation stage, namely recruitment and selection of participants carried out by the Kebumen Regency Government through several Regional Apparatus Organizations, including the Department of Cooperatives and Small and Medium Enterprises, the Department of Industry and Trade, and the Department of Culture and Tourism of Kebumen Regency as its leading sector. In the pre-incubation stage, recruitment and selection is carried out by distributing questionnaires to determine participants' initial understanding of fintech so that it can be measured. The aim of distributing the initial questionnaire is to find out to what extent the participants understand the fintech material.

The next stage is the Incubation stage where MSME participants are provided with basic knowledge and skills regarding fintech. At the training briefing stage, a briefing was held in Balingasal Village with theoretical briefing material provided on the development and existence of fintech, types of fintech, the benefits of using fintech and what are the advantages of fintech. Fintech training and education aims to provide business actors with understanding and knowledge about technology in the financial system so that they can increase financial literacy. Participants in this PKM activity were given printouts of material to support the process of the briefing activity.

This Community Service Activity (PKM) was carried out directly in the community for education on financial literacy, carried out on Friday, February 23 2024 with the participation of 10 MSMEs from Balingasal Village. Overall, this activity ran smoothly and was in accordance with the planned material agenda. Apart from that, the training participants seemed enthusiastic and actively involved in discussions with the training presenters.

The MSME incubation program in Balingasal Village, Padureso District, Kebumen Regency, Central Java, through collaboration between fintech and the local government of Kebumen Regency, plays a very important role and can be felt very significantly by MSMEs in Balingasal Village, including (1) Skills and Knowledge Development: This business incubation program includes training and mentoring that can help MSME owners understand important aspects of running a business, such as financial management, marketing, product development and operational management; (2) Access to Networks and Resources: One of the main benefits of business incubation is MSMEs' access to a wider business network. They can interact with mentors, investors, potential business partners, and other business owners. Additionally, business incubators often provide access to resources such as co-working spaces, technology, and software that can help MSMEs in the development of their businesses. 3) Funding and Investment: Through business incubation programs, MSMEs have a better opportunity to attract external funding or investment from investors. Business incubators often have relationships with financial institutions, angel investors, or venture capital that can connect MSMEs with additional funding sources needed for growth and expansion. 4) Improved Sustainability: With the right support and guidance, MSMEs have a greater chance of surviving and growing in the long term. They can avoid common mistakes that often occur in start-up businesses and have access to better strategies for managing risk. 5) Monitoring and Evaluation: In incubation programs, MSMEs often have to report their progress periodically to the incubation organizer. This helps them maintain focus and increase accountability in achieving their business goals.

In connection with the need for financial services that require contemporary technology that can save costs and time, it is appropriate for local governments, related institutions and even universities to provide support for rural communities to further increase their understanding of Fintech. The presence of fintech is a new breakthrough for people in making transactions using financial services. PKM with the title collaboration between fintech and local government in the incubation program for village MSMEs to increase their competitiveness is a PKM which aims to educate and provide knowledge and understanding to the community regarding the benefits and uses of Fintech as a driving factor for improving MSMEs in Balingasal Village, Padureso District, Kebumen Regency, Central Java.

Collaboration between fintech and the Regional Government of Kebumen Regency was already underway before this community service activity was carried out. However, due to the limited knowledge of the community, especially MSMEs in Balingasal Village, regarding fintech, this activity is useful in maximizing the fintech program that the government has been pursuing. The Kebumen Regency government's fintech program is in the form of People's Business Credit (KUR) which can be accessed online by the public via the tpakd.kebumenkab.go.id page. People's Business Credit (KUR) is credit/financing for working capital and/or investment to individual debtors, business entities and/or business groups that are productive and viable but do not have

additional collateral or that additional collateral is not sufficient. KUR funds come from funds from KUR-distributing financial institutions. KUR aims to increase and expand access to financing for productive businesses, increase the competitive capacity of MSMEs and encourage economic growth.

CONCLUSION

The conclusion obtained from this research is that the target material to be conveyed has been achieved. The participants' understanding of fintech increased after this training and provision. Balingasal Village MSMEs showed their interest in using one of the fintech products so that their businesses could develop. The participants were aware that the fintech education they received could give rise to plans or intentions to increase other fintech knowledge. By carrying out training activities by providing materials and training to members and managers of Balingasal Village MSMEs, it is hoped that the training participants' understanding of the benefits of fintech products and transaction mechanisms through fintech companies will increase and training participants will be able to utilize the financial services of fintech companies.

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