

# The Financial Technologies Utilization to Increase the Competitive Advantage of Product Marketing

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## ABSTRACT

This research aimed to determine the effect of financial technologies utilization to increase the competitive advantage of product marketing at the MSME (micro, small, and medium enterprise) micro community Go Nganjuk on facing the 2019 corona virus disease pandemic (COVID-19) by using multiple linear regression analysis method which is strengthened by qualitative analysis. Determination of sample of 40 respondents with a total population of 250 respondents. The result of the study through the distribution of questionnaires and using reliability and validity tests, as well as classical assumption test, which consisting of normality test and heteroscedasticity test, there is an effect of financial technology utilization in the competitive advantage of product marketing. Indicators that affect the financial technology variable. Concluding the results of the study that the maximum use of financial technology can increase competitive advantage in product marketing activities at the MSME Micro Community GO Nganjuk.

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## INTRODUCTION

Ministry of Cooperative and Micro Small and Medium Enterprise (MSME)) has around 64 million registered/licensed MSME in 2018. MSME sector in East Java, precisely in Nganjuk Regency area, has 5,521 MSME actors registered at the Department of Labour Cooperative and Micro Business Nganjuk Regency in 2018 (Dinaskerkum, 2018). This number is quite large, but not all these MSME actors use fintech for production and marketing activities. The general reason for MSMEs not using fintech is manual management which has become a culture in business activities. The majority of MSME actors use manual management for local marketing from introducing products, consumer testimonials and consumer recommendations. It is especially important to investigate these matters simultaneously for the benefit of transport, urban and educational planners, because these complex relationships may mean that lower levels of ICT use due to the lack of literacies may exacerbate social exclusion (Gimpel et al., 2018). The driving force behind fintech activities as an effort to increase competitive advantage is MSME players aged between 19-34, based on OJK data as of April 2020. It can effectively promote the convenience and applicability of traditional cash payments, money transfers, and bank card payments by utilizing innovative payment technology supported by the internet (Yao et al., 2018). This means that MSME actors are young people who understand digital, the Ministry of Cooperatives and MSMEs and Fintech Indonesia vigorously motivates through social media, webinars, posters and electronic media about fintech to be understood by MSME actors.

FinTech is the innovative use of technology to deliver financial services and products offering a user-friendly and convenient ways of managing finance for its consumers in apposition with traditional methods (Anshari et al., 2019). Fintech has the benefits of accelerating transactions, making it easy to buy and selling, and guaran-teeing honesty, trust, and customer satisfaction. efforts to introduce fintech for the East Java region, based on the latest fintech development data in April 2020, the OJK stated that there were 161 registered/licensed fintech players, including 4 fintech actors from East Java, namely Communal, Winwin Loan, Sharia Fintech Berkah (BFS). The main target for fintech players is MSMEs. East Java is the second area that has a high turnover of financial flows after DKI, so many fintech players are interested in offering financial products according to the needs of MSME actors. Good financial governance is required when a startup wants to expand its business. The applica-tion of information technology for each financial governance activity in the Startup will also be a factor in the success and progress of the Startup. With the help of information technology, the startup can make good financial reports, so that it can be used to submit cooperation bids or propose funding to investor (Supardianto et al., 2019).

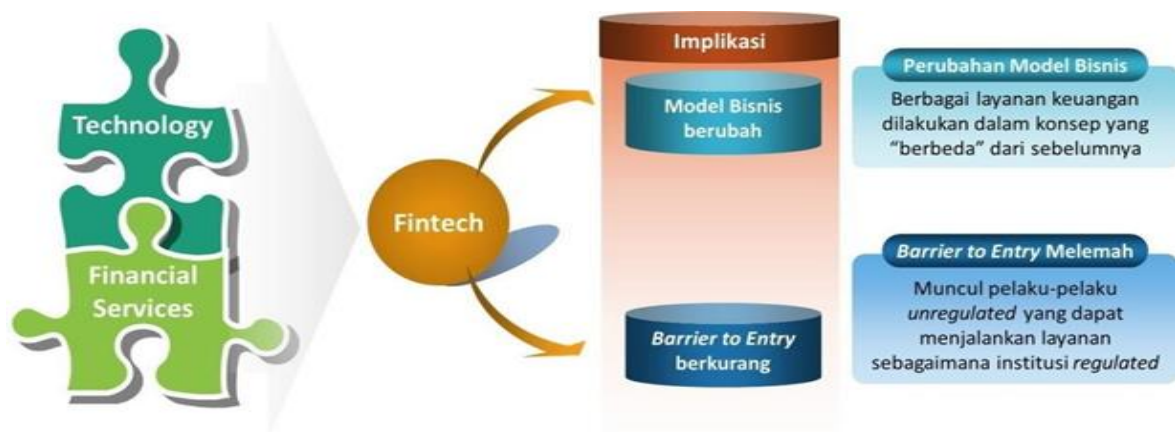
Easy access to introduce fintech in collaboration with e-commerce such as Shopee, Tokopedia, Bukalapak, Lazada, Blibli, Sorabel, JD.ID, Zalora, Alfacart and Ali express which are top e-commerce brands with OJK supervision. The advantage of joining through e-commerce, for producers and consumers to remain stable in trans-action activities during the pandemic. Support for MSME actors so that they can produce in the service sector, they can use Traveloka pay later, OVO pay later services in collaboration with Grab pay, Gopay, Shopee pay later, and Khedive. The pay later and pay features can help the economic movement of MSME actors and con-sumers in meeting their needs. Identifying MSME actors in Nganjuk during the pandemic, innovation, and creativity to survive. Some businesses that can survive in a pandemic are health services, food and beverages, internet or networks, healthcare or equipment, and e-commerce. P2P lending platforms claim to connect investors with borrowers via the internet, allowing lenders to generate income while offering credit to many people who cannot obtain bank loans. How-ever, due to increasingly sophisticated technology, these platforms have triggered moral hazards. Some people use other people's data to make loans on P2P lending platforms. Something similar happened in China; the Chinese government is increasing supervision and drafting new measures and regulations for the online lend-ing sector (Suryono et al., 2021).

Strengthening the role of MSME actors in Nganjuk to stay afloat with fintech loans, offering an alternative online-based loan that is easy, safe, and reassuring to consumers. Nganjuk MSMEs can do production to marketing through social media. We have changed to a so-called new normal and need to accept an unpredictable situation in the health system. In addition, the development of the cashless era will be more significant due to the impact of COVID-19 lockdown. On the contrary, Fintech services have had a very good opportunity to develop, maintain a positive experience, and acquire loyal customers. In the future, Fintech services will prosper. Enterprises need to learn more about users' online activities and habits to make the most suitable decisions to adapt to consumers' needs (Le, 2021). The use of fintech makes it easier for MSME actors to carry out production activities without a shortage of raw materials and transaction activities that are safe, convenient, fast, and right on purpose, so that consumers believe that through the development of financial technology (Fintech) profits between producers and consumers are guaranteed trust.

Furthermore, in a lockdown state that has been ongoing for a year, users realize how useful Fintech services are in maintaining a normal life. Users may become familiar with the convenience of this service and continue to use it post-COVID-19. Fintech services are becoming competitive in maintaining existing customers and attracting new ones. It is essential to determine the characteristics that affect the perceived usefulness, which can predict a user's intention to adopt Fintech, as well as increase the competitive advantage (Le, 2021).

Using an understanding of the language, Financial Technology (Fintech) is a phrase from financial technology, indicating a company or representative of the company combining financial services with modern and innovative technology. The fintech platform developed can be chosen according to the needs of consumers and producers provided that the fintech has been registered and has an operating license. Add that fintech is a combination of financial products, financial services, and technology in the form of digital financial services, and its business model is based on technology development (Kerényi & Molnár, 2017). Adding about fintech is a combination of financial products, financial services, and technology in the form of digital financial services and business models that are made aware of technology development. Most empirical studies have focused on the connections between different types of ICT activities, such as online shopping, telecommuting, and internet use and travel behaviour. However, core competencies, known salified literacies', which extend beyond simply reading, such as numeracy and financial literacy, may play a significant role in determining the relationship between ICT use and travel behavior, and have been less thoroughly studied (Hong et al., 2020).

The deal and the agreements of fintech users are guaranteed to be safe because they are supervised by OJK, BI, and related financial institutions. Supporting buying and selling transactions for MSME actors during a pandemic and future developments, MSME actors must be familiar with the development of the internet, marketing via the internet within easy, safe, and precise reach for consumers. Fintech companies play an important role in the digital finance economy. Fintech providers are emerging in the financial services sector to either compete with banks or to complement the functions of banks to their customers. In the real world, some Fintech companies provide financial services at a higher cost while the cost of obtaining financial services from banks is relatively lower but the lengthy process of waiting to obtain a loan from regulated banks is making customers turn away from bank providers to non-bank providers (Ozili, 2018). MSME actors through fintech will increase their com-putative advantage in price, quality, range of places, and guarantees of goods or services consumed. The power to attract and convince consumers is by honesty, responsibility, and a commitment to maintain satisfaction and loyalty. Changes in technology have a positive impact on business actors, increasing production, ease of transactions, and ease of reach can be very efficient and effective. Financial technology (Fintech) is an idea that was designed in the 3.0 era, by utilizing the internet and innovation of financial institutions to equalize the ability to compete in the business field, starting to be implicated globally in the 4.0 era. The Fintech group that is included in the realm of the Non-Bank Industry remains under the supervision of BI, OJK, and Bapepam-LK.



**Figure 1. Implication of Financial Technology (Fintech)**

Source: Rahadi (2020:11)

Fintech describes a changing industry for companies that use technology to make the financial system more efficient. At figure 1, Showing fintech has business process implications, where these changes will significantly impact all parties involved. Business process barriers will be significantly reduced. Fintech is part of a segment of the startup world that has a focus on maximizing the use of technology to change, accelerate or sharpen various aspects of financial services available today. Starting from payment methods, fund transfers, loans, fundraising, to asset management, Rahadi (2020:12). Business activities within the scope of MSMEs must be flexible, up-grade, and maintain stable. The desire to adapt to the level of needs, abilities, and product range is a flexible personality that must be attached to MSMEs. Adjusting the technological development of MSME actors to mobilize and synergize with other MSMEs with a complementary system. The diversity of MSMEs in Nganjuk is relatively stable despite the pandemic because the target consumers are within regional reach. Strengthening the resilience of MSMEs against uncertain economic flows, upgrading the marketing system, supply and production processes that are fast, precise, and safe.



**Figure 2. Research Model**

## RESEARCH METHOD

This research is an associative research. The type of research used aims to determine the effect or also the relationship between two or more variables. This research has the highest level compared to descriptive and com-purgative because with this research a theory can be built that can function to explain, predict, and control a symptom, (Sugiyono, 2013). The research sample was conducted by purposive sampling on all MSMEs located in the boarding school area in Jombang city with the criteria of MSMEs that have utilized fintech services, have utilized banking services re-quired within the scope of financial inclusion. The method used in this study is multiple linear regression analysis which is strengthened by qualitative analysis to determine the level of utilization of financial technology in the competitive advantage of product marketing at the MSME Micro Community GO Nganjuk in Facing the 2019 Corona Virus Disease Pandemic (COVID-19).

The approach in this research is a quantitative approach. The data collection of this research is by using a ques-tinnier which is distributed to the respondents who are the research sample. The Likert scale is a isometric scale commonly used in questionnaires and is the most widely used scale in research. Based on table 1, it can be developed to compile a questionnaire aimed at respondents. Determine their level of agreement with a statement by choosing one of the available options. Choice of five scales with a format such as, strongly agree (4) agree (3) disagree (2) and strongly disagree (1). This study uses multiple regression.

**Table 1. Blueprint of Research Variables**

No	Variabel	Indicator	IDN
1	Financial Technology (Fintech) (Gimpel et al., 2018)	a. Interaction 1) Personalize/modify fintech 2) Information Exchange 3) Interaction Type 4) User Network 5) IT Role 6) Use of Fintech Services 7) Strategy Channel b. Data 1) Data Source 2) Planning the Use of Digital Transaction 3) The Process of Using Fintech 4) Fintech Features c. Monetization 1) Payment Schedule 2) The Use of Fintech in Currency Clarity 3) Partner Network 4) Business Cooperation	1 2 3 4 5 6 7  8 9 10 11  12 13 14 15
2	Competitive Advantage (Bharadwaj et al., 2015)	a. Unique b. Competitive Price c. Rarely Found d. Not Easy to Imitate e. Irreplaceable	16 17 18 19 20

## RESULTS AND DISCUSSION

There is an effect of regression analysis test results related to the use of financial technology in the competitive advantage of product marketing in the Nganjuk MSME Community to face the 2019 Corona Virus Disease Pan-demic 2019 (Covid-19). The influencing indicators are interaction, data, and monetization with known multiple linear regression problem test as follows.

**Table 2. Regression Equation Model***Coefficient's a*

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	6.181	1.679			3.682	.001		
Utilization of Financial Technology	.173	.038	.596		4.575	.000	1.000	1.000

a. Dependent Variable: Product Marketing Competitive Advantage Improvement

Based on Table 2, the following regression equation is formed:

$$Y = 6,181 + 0,173X_1 + e$$

From the multiple linear regression equation above, the constant value is 6.181. It means that is, if the variable of Product Marketing Competitive Advantage Improvement is not affected by the independent variable, namely Financial Technology Utilization is zero, then the average amount of Product Marketing Competitive Advantage Improvement (Y) remains at 6.181.



The regression coefficient for the independent variable (X) is positive, indicating that there is a unidirectional relationship between Financial Technology Utilization (X1) Increasing Product Marketing Competitive Advantage (Y). The linear regression coefficient of Financial Technology Utilization (X1) is 0.173, meaning that if Financial Technology Utilization increases by one unit, the increase in Product Marketing Competitive Advantage will increase by 0.173.

The information that underlies the distribution of answers to the use of financial technology (fintech) interaction indicators is that respondents use digital channels such as social media to help market products, interact with consumers, and expand market share as an effort to improve services to consumers during the COVID-19 pandemic.

Quoting the explanation of the Financial Stability Board, FinTech is also defined as technological innovation in financial services that can produce business models, applications, processes, or products with material effects related to the provision of financial services (Nizar, 2017). Strongly supports the expansion of product introduction using Fintech because of the ease of access. A study into the relationship between renewable energy policies and business performance would likely provide additional insights that would be very interesting for policy makers (Kuik et al., 2019).

Then the results of the distribution of answers related to the use of Financial Technology (Fintech) variables have shortcomings in interaction indicators, namely respondents using official/legal financial technology services such as transfers via ATM, mobile banking, e-money, top up payment applications, such as OVO, Paytren, just a link, to make buying and selling transactions easier during the COVID-19 pandemic.

Social motivation is a significant predictor of sustainable competitive advantage in informal market was accepted. Therefore, it can be linked that the Marcia theory of identity achievement relates those two distinct parts form an adolescent's identity: crisis and commitment to the social drive of achievement was a necessity in the niche of competition amongst the operators in the informal market. This acts as a need for the sustainment of the activity in the informal market as against the rules set to bare the ongoing activities by relating the informal entrepreneurs' complexities of engagement in the electronics market to their respective status identity or vice-versa (Ayeni et al., 2021). However, the use of these financial services is not optimal, because most consumers use cash which is considered more honest and practical.

Support Explanation: FinTech has become a hot term due to many driven forces, which include technical development, business innovation expectations (market), cost-saving requirements, and customer demands (Gai, 2018).

Furthermore, on the data indicator there is a distribution of answers that have a high value, namely respondents using fintech to make it easier to explain to consumers about product types, product prices, product payment methods, and tracking product shipments during the covid 19 pandemic. Consumers will determine purchasing decisions on products by paying attention to price affordability, clear, detailed, and honest product descriptions so that consumers do not hesitate to make a purchase decision. Finally, distribution activities that are safe, precise and consumers may know the process of product delivery, strongly support consumer confidence to produce satisfaction in shopping. The explanation of the last indicator, regarding monetization in the respondent's statement using fintech because it is a payment, with clear payment convenience, no need for cash and no need for change, because the amount to be paid is calculated automatically. Being flexible, transaction activities using payments will build relationships and consumer confidence to buy products by giving trust to the seller.

The GO Nganjuk Micro UMKM community prioritizes business development based on superior productivity results owned by Nganjuk Regency. Respondents on the competitive advantage variable that have a high indicator value are respondents as MSME actors who create products that distinguish them from competing products, have characteristics attached to their products when facing the Covid 19 Pandemic. Management strategy after the COVID-19 pandemic is the implementation of marketing strategies as an effort to create a more efficient and effective business presence for MSME actors so that they have good knowledge management and absorptive capacity to improve their business performance (Fitriyani, 2020). The strong reason for the respondents is to try to understand and create unique products

according to the needs and desires of consumers by prioritizing the results of regional superiority productivity, cleanliness, health, and safety for public consumption. The use of raw materials without preservatives to increase consumer loyalty to the product, this is chosen to provide a distinctive taste and aroma to the product (Narto & HM, 2020).

Another supporting indicator is that it is not easy to replace, with the explanation that respondents prioritize product quality as a product's strength to persist in consumer choice. Prioritizing mutually supportive cooperation and development, the GO Nganjuk Micro MSME Community in management to efforts to develop activities in the community, namely practicing through programs provided by MSMEs and from various academics and practitioners who are professional in their fields. Citing challenges and opportunities related to financial service products that need to be considered when choosing financial technology, The banking industry is facing radical transformation and restructuring, as well as a move toward a customer-centric platform-based model. Competition will increase as new players enter the industry, but the long-term impact is more open. Regulation will decisively influence to what extent Biotech will enter the industry and who the dominant players will be. The challenge for regulators will be to keep a level playing field that strikes the right balance between fostering innovation and preserving financial stability. Consumer protection concerns rise to the forefront (Vives, 2019).

The forms of training as a development effort start from packaging, labeling, and licensing processes. Respondents in the GO Nganjuk Micro MSME Community based on the type of business, the majority of which were selected were businesses that produced goods. The stronger a firm is relative to competitors on these two dimensions, and the stronger the complementarity between Big Data and network effects, the more digitalization will tend to create a large and sustainable competitive advantage. In their absence, digitalization will reduce the sustainability of competitive advantage (Knudsen et al., 2021). The choice of the type of business of goods according to the needs and advantages of Nganjuk Regency. Adjusting to the type of goods business, the business license owned by the GO Nganjuk Micro MSME Community actors is PIRT (Home Industry Production Licensing) because the form of licensing is considered easier and faster. In addition, the PIRT permit was chosen by many respondents from the GO Nganjuk Micro MSME Community regarding local consumers around the Nganjuk Regency area and production of less than 1000 per day. The income and expenses of the GO Nganjuk Micro MSME Community actors are classified as the average UMR standard of Nganjuk Regency.

## CONCLUSION

There is an effect of regression analysis test results related to the use of financial technology in the competitive advantage of product marketing in the Nganjuk MSME Community to face the 2019 Corona Virus Disease Pan-demic (Covid-19). The influencing indicators are interaction, data, and monetization. The GO Nganjuk Micro UMKM community prioritizes business development based on superior productivity results owned by Nganjuk Regency. Respondents on the competitive advantage variable that have the highest indicator value are respondents as MSME actors who create products that distinguish them from competing products, have characteristics attached to their products when facing the Covid 19 Pandemic. Efforts to develop and achieve consumer satisfaction by the GO Nganjuk Micro MSME Community continue to be carried out. There needs to be a positive synergy to achieve these goals with commitment and innovative creative thinking.

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