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“THE DEVELOPMENT OF DIGITAL ECONOMY IN INDONESIA”

Currently the world has entered the industrial era 4.0 which is based on new technology and is able to change the entire chain and management in every branch of industry, including the financial industry known as financial technology and digital banking. Infrastructure financial services are growing rapidly in Indonesian services, computation with startup companies, such as payment and money transfer systems, savings and loans, insurance, financial information service providers, capital markets, crowdfunding, and wealth management.

Singapore, Japan and the United Kingdom are the three international financial centers that have been able to prove the significant impact of financial technology on economic growth and financial system stability. In addition, financial technology can also bring in merchants who accept low-cost debit and credit card payments and build banking infrastructure in an effort to boost people's purchasing power. Experience in these three countries also shows that banking institutions benefit greatly because they can cut operating costs and raise funds low cost from customers, including extending services in time and space. The presence of the digital economy era can be a new opportunity as well as a serious threat for the banking industry that is turning to digital banking to retain existing customers and attract new customers from the millennial generation.

The financial system is basically an order in the Indonesian economy that has a role, especially in providing financial service facilities which are institutionally divided into two main parts, namely depository financial institutions and non-custodian financial institutions. The financial system desperately needs stability to avoid an economic crisis or a monetary crisis. Digital technology has developed rapidly around the world. However, not all countries pay attention to the various development benefits of using technology. This reality has been happening for a long time, because the internet has a big role in driving economic growth, expanding job opportunities, and improving public services. The digital technology revolution must be understood as a new business opportunity because equal access to digital adoption is a step to reduce the development inequality of a country.

The ideas of both J. Tobin and William J. Baumol are basically in line where the demand for money for transaction purposes depends or is influenced by the interest rate. However, along with the times, the demand for money is influenced not only by income and interest rates, but also by many other factors, such as the prevailing payment system or method, the availability of credit facilities with soft interest rates, and others. The industrial era 4.0 requires the use of technology on all fronts. In addition, people's attitudes and mindsets have changed along with the

socio-economic life and the type of work that is achieved. For example, the tendency of customers to come to the bank office is to open an account and deposit cash only. After that, they prefer to use non-physical and self-service channels. The same condition also applies to insurance, transportation, retail trade, and others

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The online business has now reached more than Rp. 144 trillion in transactions, and will grow rapidly due to the support of the 4G internet network and the positive response from the public regarding digital technology. This research is included in the qualitative category because it investigates and understands the digital economy phenomenon of internet users, the rapid development of financial technology, and customer demand for instruments to make money, and how to make it possible, and how to make it possible to provide credit card, . This study uses primary data with 100 respondents and secondary data comes from various sources whose validity can be accounted for. In addition, this study also uses symbolic interactionism and existential phenomenological models to understand the emerging meanings and essence of the effects of the digital economy, especially to develop MSMEs so that they can compete in the market. Researchers are also trying to scrutinize and be thorough in order to maintain the reliability and reliability so that they are truly relevant to the rapidly growing digital phenomenon in Indonesia.

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E-money has experienced rapid growth since its introduction in 2008, in terms of the number of instruments in circulation, number of transactions, transaction value, and number of readers. The government even requires road users to make payments using electronic money, set up an electronic money reader for up to 20 different types of electronic money, and provides more counters to top up electronic money so that users can get a lot of convenience.

The results of a survey of users of digital technology products, which consists of 100 respondents with the characteristics of users of financial technology, digital banking, and online, show that people need these technology products because they are cheaper, more practical, faster, and more efficient. In addition, the community also has other considerations regarding the benefits of digital and online technology, such as security, privacy, and a lifestyle to keep up with the times. The existence of government is very important to encourage collaboration between financial service providers and banking. This is intended so that financial technology services can increase fair access, advance the financial industry more efficiently to maintain capital and MSME production activities, and increase Indonesia's economic growth. Government regulations must be able to accommodate the implications of developing financial technology innovations.

In May 2018 the number of lenders reached 199,539 entities and the number of borrowers reached 1,850,632 entities or Rp6.16 trillion distributed through technology-based peer to peer lending services where the majority were in Java, covering 6 provinces, and the minority circulating in 4 provinces located in Maluku and Papua. Table 1 shows the ease of financial transactions and inclusion in Indonesia that can improve the regional economy when financial literacy is low. However, there are still constraints on Indonesia's geographical conditions, especially in eastern Indonesia.

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