**THE FINTECH FOUNDATIONS BASED ON SOCIAL ENTERPRISES
PHILOSOPHY TO CREATE BETTER SOCIETY IN *GO-JEK*
COMPANY**

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Abstract

In the digital era of internet, there are so many financial technology (fintech) popping up now for the example *Go-Jek* company with one of their product called as Go-Pay is one of the popular fintech in Indonesia. This paper introduce about fintech foundations in Asia with social enterprise philosophy. Some company only things for the revenue and how many customers who interested on use the application for doing the transaction, for users who interested on the social mission of the company. By combining information from the founder and user (took examples of people who sometimes use application fintech like Go-Pay how important the implementation enterprises for the parent organization *Go-Jek*).

Keywords: fintech, social enterprises, social mission, digital era.

Questions:

1. What is a social enterprises? What types of social enterprises in Indonesia? (see Pratono et al 2019). Draw distinction between social enterprise for community development in Indonesia and Taiwan! See Pratono & Wong (2019).
2. Find a course from Coursera.org, which is relevant for the class of business and economics in Asia! Please provide your argument, why it is relevant!

Answers:

1. Social enterprises is about an organization or company that used commercial strategy to increase company's profit but the company also want to increase the welfare of the society such as financial, education, healthiness, and jobs. Which means the company's profit, partially would be given for social mission in the society. So, the company not only focusing on maximizing profits but they also doing regularly social mission that funded from company's profit for the society impact. Example: National Geographic, they sell clothes in theirs store in *Tunjungan Plaza* with high price to gain profit and also some amount of their revenues they will donate to wild conservations.

Types of social enterprises in Indonesia, i.e:

- Model A: Entrepreneurial NPO: This entrepreneurial NPO appears from the non-profit organizations, and this organization has strong beliefs on philanthropy tradition. The purpose of this organization is for social mission and economic activities such as create jobs for the neighbours and society. This type organization they try to find a relevant business model to finance this social mission such as, this organization commercializing their social program to produce revenues. This organization established as voluntarily.
- Model B: Social Cooperative (SC) model: SC model is about the mutual interest organizations to give greater concern for the general interest in society. This organization not only focus on provides donation but also establishing partnership with local communities in need of logistic support. The financing system of SC model is like *koperasi* model, the organizations can create microfinance social enterprises to provide loans and the capacity of borrowers to repay the debts. This organization more rely on their own resources rather than financial support from government or funding organizations.

- Model C: Community development enterprise (CDE) model: This CDE model focuses on the local development in some specific areas. This organization's mission is try to solve the problems of their community. The achievements of this organization such as positive social change and promoting social equity. The organization gets revenue from their activity of service provision to the local community. This organization survive and sustainable if leaders have trusts and integrity.
- Model D: Social business (SB) model: SB model is appears with a strong market orientation such as the governments pushing the partnership between private companies and non-profit organizations. For the examples: The Body Shop Indonesia, the company has program that all their products that they produce and sell is free from animal testing and they use all the product contains from natural ingredients and also same with National Geographic, The Body Shop also support the social mission such as wild conservations, reforestation, and etc. The purpose of this organization is to try to balancing their social and economic goals. The financing system of this organization is to look for social investment opportunities with partners to developing innovative system try to solve social problems. This organization also promotes fair trade. This organization set up their targets based on theirs social impact, report on their financial performance, and they report their business activities to their parent organization.

The distinction between Indonesia and Taiwan is, when in Taiwan the main business at there is tourism business and also they use some business strategy to gain the income for their community and also they always doing innovation in their tourism business with funded from stakeholders different in Indonesia, Indonesia they must borrow some money from microfinance to expand the tourism business, in Indonesia they also doing some innovation with support from the government, local universities, and non-profit organizations. For the economic risk between Indonesia and Taiwan is in the Taiwan this project very dependent on uncertain market so sometimes their income it's not stable. In Indonesia to avoid the default the SE create social capital for lending groups and local communities for they can survive and still pay the loans. For the workers between Indonesia and Taiwan, in Taiwan they paid school instructors part time salaries but in Indonesia the microfinance members they hired full-time staff, but for tourism business they hired part-time staff. For the social benefits between Taiwan and Indonesia, in Taiwan the economic activities become the main activities to gain money to get education, and health services so in Taiwan there is microfinance to help economy. But

different with Indonesia, in Indonesia there is government program such as microfinance project to provide financial services for poor families, and for the tourism business pushed for the environmental movement or go-green. In Taiwan the founders involved with local leaders and stakeholders for their project, which means the government also can take control of the community. But in Indonesia, the woman's groups is the founder of the microfinance and then they push community to build environmental tourism business concept. For the profit distribution there is some differences between Taiwan and Indonesia, in Taiwan mostly their income from tourism industry they donate to education service but in Indonesia 15% of their revenues from microfinance project they donate for social projects. But for the autonomy in Taiwan, in Taiwan there is relationship between communities, universities, and the stakeholders to always doing the project together they can't go independently, but in Indonesia almost same with Taiwan they run the community depends on other organizations such as the community need support from organization to make some projects but the organizations can't take control the community development. For the ownership in Taiwan the community owned by the local communities and also government so there's no private organizations but in Indonesia the community owned by only the village community so the local government or government don't control of that community. For the participatory dimension in Taiwan the negotiation become very usual to take decision for some issue but in Indonesia they make annual meeting for all the participants come to the meeting to make decision process. So we can conclude in Taiwan all the communities still under control from the government and also mostly the income of the community from their business activities they give to the public services such as education, health, and etc, but in Indonesia they just donate their income smaller than Taiwan only 15% for public services. In Taiwan they focus more on the business strategy for developing their tourism business different with Indonesia they still focused on establish tourism business. In Taiwan also the ownership of the community more clearly than Indonesia because in Indonesia the owner only village community which is sometimes the regulations not really clear sometimes they using traditions sometimes biased. And the last is in Taiwan they more concern on negotiation which more effective rather than annual meeting which is Indonesian community, my opinion annual meeting without focus negotiation it just zero no results because from negotiation we can learn more about sharing opinion this the way to make the community more open minded.

2. Article: FinTech Foundations and Overview

As a person living in digital era we must understand fintech industry to make us following the current development also in this digital era can make our life more

effective and efficient and in digital era we can create jobs based on the internet we just need to be creative and then develop our idea to become reality such as fintech make people's life become easier and effective than before. The article talking about the definition of fintech, the people's perspectives about fintech. This article also explain how and why the investors interested to invest some money to the fintech industry to make the fintech industry to still able to run. Also, this article talking about what kind of categories of fintech that you want build in your countries, also in the video the teacher explains about the categories of fintech very detail, so from that video you can learn a lot of many categories of fintech, the teacher divided one category into two parts of video or more. And then the article also talking about the technology, system, privacy and security that must be implemented in fintech application to avoid the hacker, scamming, phishing, and etc. The next is the article also explain about the marketing of the fintech also the challenges and changes of financial services especially bank to see fintech as opportunities not threat, which means the bank can develop more their system to applied the fintech technology in their some products such as lending or payments.

Fintech industry so relevant to create in Asia because many big technology companies come from Asia and also the many companies want to invest their money in fintech industry because fintech industry now growing to become bigger company. Why fintech industry become bigger in this era? Because with fintech application such as OVO or GO-PAY we can use both application as our wallet we don't need to bring our wallet, we just bring our smartphone that already installed OVO or GO-PAY and then we can buy anything in many merchants that cooperate with one of or both that fintech company. Also with fintech application very easy to use, we can transfer our balance to other people, we can pay bills or phone credits, and etc. That's why the fintech industry very big now because cashless and many promotions for their users and many big company such as Alibaba from China invest some money to GO-PAY because GO-PAY is promising fintech company in the future. There is so many opportunities to build fintech company in Asia. The fintech industry consists of 6 categories, including lending and personal finance for the example Cicil, and Kredivo, crowd-funding and business financing, payments and retail transactions ex: OVO, equity, trading and investments, various types of cryptocurrencies such as Bitcoin, and banking infrastructure and tools such as Internet banking, and mobile banking. Which is means fintech industry so good for some developing countries in Asia to create fintech industry because there is small competitors also the regulations from developing

countries not really strict and also to make some changes and innovation in their financial experience. This fintech technology is to try give changes and challenges for financial service companies such as bank and insurance company to make some innovation and practical ways to make transaction in effective and efficient ways but also prioritizing data security and confidentiality of the users. The main things of fintech or start-up industries are the ideas or creativity from the creator to make the prototype to become real business, for the funding, these industries can get funds from venture capital such as Sequoia Capital, Y Combinator, and etc or can get funds from crowdfunding. So that's why this business so relevant in Asia because in Asia there is so a lot of human resources and resources, good infrastructure, some countries especially developing countries the regulations not really strict, and etc.

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