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Eurasian Economic Perspectives

Proceedings of the 29th Eurasia Business
and Economics Society Conference

 Springer

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Preface

This is Volume 1—Eurasian Economic Perspectives of the 16th issue of the Springer’s series **Eurasian Studies in Business and Economics**, which is the official book series of the Eurasia Business and Economics Society (EBES, www.ebesweb.org). This issue includes selected papers presented at the 29th EBES Conference—Lisbon that was held on October, 10–12, 2019, in Lisbon, Portugal. The conference is hosted by the *ISCTE-IUL Instituto Universitário de Lisboa*.

Amine Tarazi from the *University of Limoges*, France, **Robert William Vivian** from the *University of the Witwatersrand*, South Africa, and **Christo Auret** from the *University of the Witwatersrand*, South Africa, joined the 29th EBES Conference as keynote speakers. During the conference, participants had many productive discussions and exchanges that contributed to the success of the conference where 312 papers by 551 colleagues from 52 countries were presented. In addition to publication opportunities in EBES journals (*Eurasian Business Review* and *Eurasian Economic Review*, which are also published by Springer), conference participants were given the opportunity to submit their full papers for this issue. Theoretical and empirical papers in the series cover diverse areas of business, economics, and finance from many different countries, providing a valuable opportunity to researchers, professionals, and students to catch up with the most recent studies in a diverse set of fields across many countries and regions.

The aim of the EBES conferences is to bring together scientists from business, finance, and economics fields, attract original research papers, and provide them with publication opportunities. Each issue of *the Eurasian Studies in Business and Economics* covers a wide variety of topics from business and economics and provides empirical results from many different countries and regions that are less investigated in the existing literature. All accepted papers for the issue went through a peer review process and benefited from the comments made during the conference as well. The current issue covers fields such as accounting/audit, banking, economics of innovation, empirical studies on emerging economies, international trade, labor economics, public economics, and regional studies.

Although the papers in this issue may provide empirical results for a specific county or regions, we believe that the readers would have an opportunity to catch up with the most recent studies in a diverse set of fields across many countries and regions and empirical support for the existing literature. In addition, the findings from these papers could be valid for similar economies or regions.

On behalf of the series editors, volume editors, and EBES officers, I would like to thank all presenters, participants, board members, and the keynote speakers, and we are looking forward to seeing you at the upcoming EBES conferences.

Istanbul, Turkey

Ender Demir

Eurasia Business and Economics Society (EBES)

EBES is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics but also encouraging the intellectual development of scholars. In spite of the term “Eurasia,” the scope should be understood in its broadest terms as having a global emphasis.

EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. Any scholar or professional interested in economics, finance, and business is welcome to attend EBES conferences. Since our first conference in 2009, around 12,459 colleagues from 99 countries have joined our conferences and 7091 academic papers have been presented. ***EBES has reached 2375 members from 87 countries.***

Since 2011, EBES has been publishing two journals. One of those journals, *Eurasian Business Review—EABR*, is in the fields of industrial organization, innovation, and management science, and the other one, *Eurasian Economic Review—EAER*, is in the fields of applied macroeconomics and finance. Both journals are published quarterly by Springer and indexed in Scopus. In addition, EAER is indexed in the *Emerging Sources Citation Index (Clarivate Analytics)*, and EABR is indexed in the *Social Science Citation Index (SSCI)* with an impact factor of 2.222 as of 2019.

Furthermore, since 2014 Springer has started to publish a new conference proceedings series (**Eurasian Studies in Business and Economics**) which includes selected papers from the EBES conferences. The 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th (Vol. 2), and 24th EBES Conference Proceedings have already been accepted for inclusion in the *Conference Proceedings Citation Index—Social Science & Humanities (CPCI-SSH)*. Subsequent conference proceedings are in progress.

We look forward to seeing you at our forthcoming conferences. We very much welcome your comments and suggestions in order to improve our future events. Our success is only possible with your valuable feedback and support!

With my very best wishes,

Klaus F. Zimmermann
President

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Eurasian Economic Perspectives

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Introduction

This book gathers selected papers from the 29th Eurasia Business and Economics Society (EBES) Conference, held in Lisbon, Portugal. While the theoretical and empirical papers presented cover diverse areas of economics and finance in various geographic regions, the main focus is on the latest research concerning accounting/audits, banking, the economics of innovation, and empirical studies on emerging economies and international trade. Studies on labor economics and public economics, as well as regional studies, round out the coverage.

Keywords

Economics and Innovation Accounting Standard-Setting Process Payment Behaviour
Blockchain Technology Peer-to-Peer Lending Development Financial Crisis
Non-Standard Employment Work-Life Balance Future of Work Circular Economy
Smart City Pilot Policy

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Implementation of Productivity Apps to Increase Financial Inclusion in Peer-To-Peer Lending Platform

Authors Authors and affiliations

Florentina Kurniasari

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Abstract

Peer-to-peer lending (P2P lending) is growing rapidly in Indonesia in line with the advanced of digital technology. This new platform is expected to support the Indonesian government

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Abstract

Peer-to-peer lending (P2P lending) is growing rapidly in Indonesia in line with the advanced of digital technology. This new platform is expected to support the Indonesian government strategy in increasing financial inclusion. Although the new platform is easily accessible using the mobile phone, some Indonesians are still reluctant to use the apps by themselves. There is an urgent need of human touch to educate and give appropriate information about the system. The role of direct sales agents of the P2P lending platform is key to gaining the trust of the prospective borrower. The P2P lending platform must be able to develop and implement apps to monitor activities and increase productivity of its direct sales agent. The purpose of this research is to analyze the implementation of sales management activity apps to increase the productivity of the direct sales agent, simplify the application procedure, shorten the approval time, and finally increase the financial inclusion in Indonesia. The object of the research is MODALKU, one of the largest P2P lending platforms in South East Asia. The target user of the apps is all the direct sales agents who are approaching prospective borrowers from the ultra-micro segment market. The result of the research showed that the direct sales agents play an important role in educating the prospective borrower in using the technology and explaining the benefit of the loan application in supporting their businesses.

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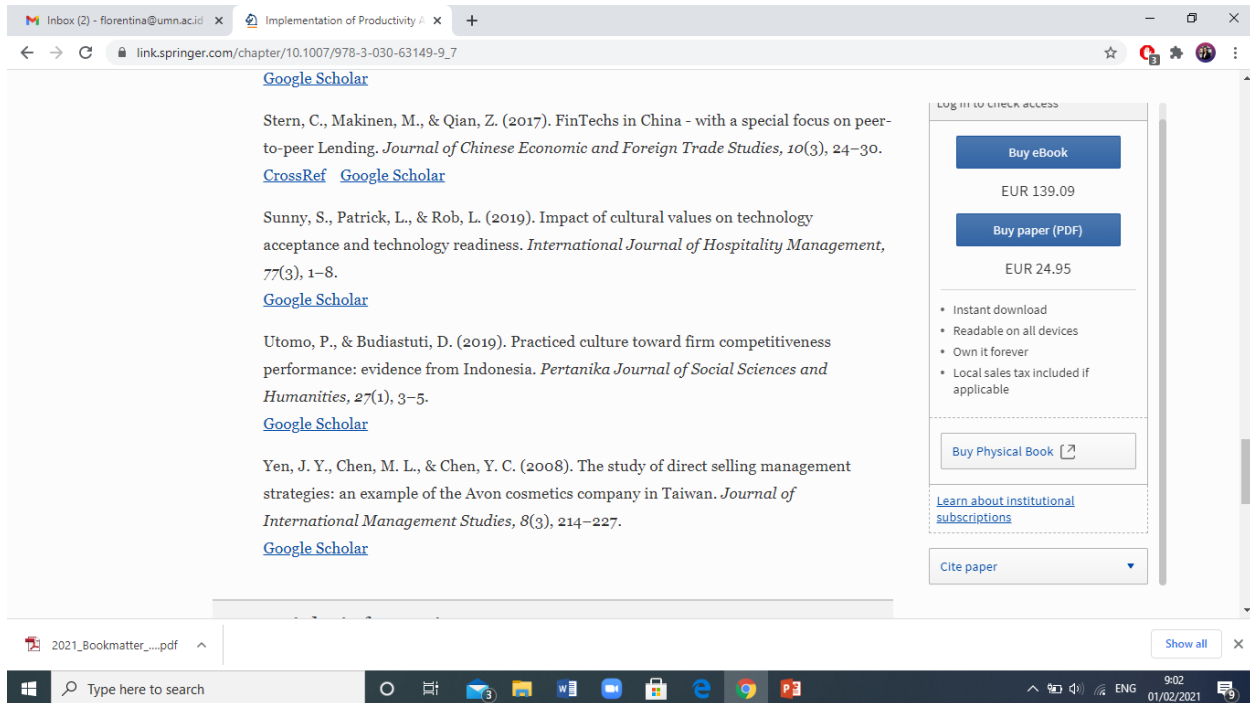
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IMPLEMENTATION OF PRODUCTIVITY APPS TO INCREASE FINANCIAL INCLUSION IN PEER-TO-PEER LENDING PLATFORM

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Abstract: Peer-to-Peer Lending (P2P lending) is overgrowing in Indonesia in line with digital technology. This new platform is expected to support the Indonesian government strategy in increasing financial inclusion. Although the new platform is easily accessible using the mobile phone, some Indonesian still reluctant to use the apps by themselves. There is an urgent need for the human touch to educate and give appropriate information about the system. The role of direct sales agents of the P2P lending platform is crucial to gaining the prospective borrower's trust. The P2P lending platform must develop and implement apps to monitor activities and increase its direct sales agent's productivity. This research aims to analyze the implementation of sales management activity apps to increase the productivity of the direct sales agent, simplify the application procedure, shorten the approval time, and finally increase the financial inclusion in Indonesia. The research object is MODALKU, one of the largest P2P lending platforms in South East Asia. The apps' target user is all the direct sales agents approaching prospect borrowers from the ultra - micro-segment market. The research results showed that the direct sales agents played an essential role in educating the prospective borrower in using the technology and explaining the loan application's benefit in supporting their businesses.

Keywords: Productivity Apps, Direct Sales Agent, Ultra-Micro Segments, Peer-to-Peer Lending Platform, Indonesia

1 Introduction

The advance of information technology has encouraged an increase in innovation in many business and financial sectors (Lestari, 2015). Financial technology is an innovative digital financial technology that offers financial services using information technology. As a new platform, financial technology provides more than simplifying financial transactions, minimizing cost, and increasing financial services (Lee and Shin, 2018). Peer-to-Peer Lending (P2P lending) is a form of crowdfunding without involving any financial institution as the intermediaries (Cinca et al., 2015) using an online platform (Ritter et al., 2009). The P2P lending platform offers flexibility to both parties: lenders and borrowers (Meng, 2016). As investors, the lenders expect a higher return from their investment in a P2P lending platform (Egbunike et al., 2018). Meanwhile, the borrowers can take advantage of the low transaction cost.

The financial technology is expected to fill the gap of financing needs and increase financial inclusion for Indonesians who were un-bankable but had potential business. The financial technology could be seen as an alternative source of financing (Abd Hamid et al., 2018), especially for the ultra-micro segments to grow their business. The ultra-micro segments are characterized by their low daily income sales, doing business in densely populated housing areas, and having a simple self-owned trading business. In the year 2018, the total financial technology market in Indonesia reached US\$ 22 million with an increasing rate at 16.3% yearly, in which lending occupied 31% of the entire industry (Fintechnews, 2018). Therefore, there is a vast potential market for P2P lending platforms in Indonesia. While the latest financial technologies are continually being introduced, the financial inclusion's target number rate did not keep at the same pace as possible on such changes.

Indonesian still had the reluctance to use mobile phones to do financial transactions, including lending and borrowing activities. Indonesians have always been communal, in which they keep close-knit communities and the cultural values push forward principles of collectivism (Minkov, 2013). Even in modern settings and modern societies, they will keep their inclusivity and friendliness (Dellner, 2014).

The P2P lending platform relies on direct sales agents to educate, give appropriate information about the financial technology platform, and sell the product itself. The role of direct sales agents of the P2P lending platform is an essential key to gaining the prospective borrower's trust. The P2P lending platform (Modalku) needs a system to monitor activity and expedite the product ordering process. The existing work-flow process in figure 1 shows that no activity management tools or applications to measure direct sales productivity. The management team has difficulties in monitoring and controlling the direct sales agent in approaching new customers. There is some lack of data that can show the condition of prospective customers. Besides, the procedure to process the application takes a long time. There is an inefficient and process that can affect sales productivity performance.

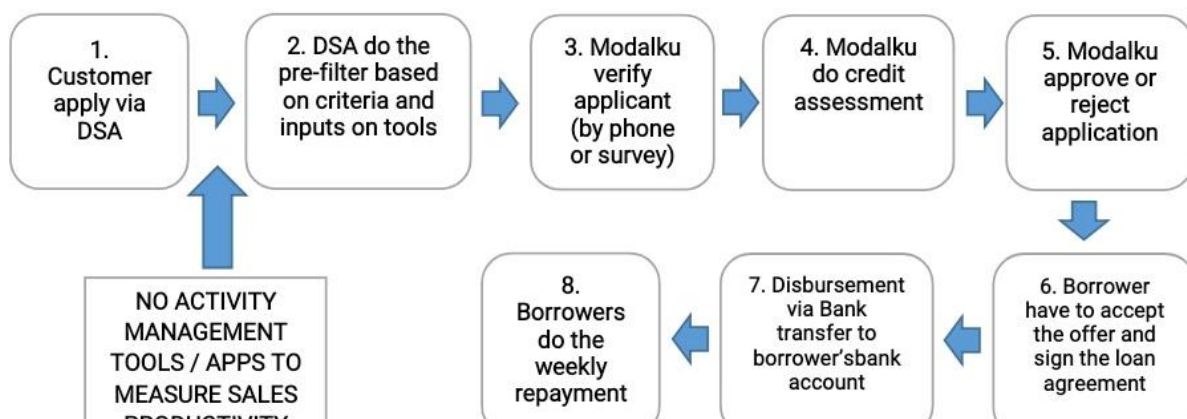


Figure 1. Current Sales Productivity Monitoring Flow at Modalku

Source: Based on Researcher's Interview with Modalku Management (2019)

Therefore, the P2P lending platform must develop and implement apps to monitor activities and increase its direct sales agent's productivity. This research aims to analyze the implementation of sales management activity apps to increase the direct sales agent's productivity, simplify the application procedure, shorten the approval time, and increase the number of the borrower, which will finally increase the financial inclusion in Indonesia. The research analyzes the importance of the direct sales agent role in the P2P lending platform. The P2P lending platform is one of the financial technology platforms that highly use technology to do financial services. In Indonesia, the P2P lending platform's success must be supported by the direct sales agent who becomes an educator for the prospective customers in explaining the usage and benefit of the medium itself.

2 Literature Review

2.1 Peer-to-Peer Lending

Financial technology is defined as mobile-based technology to increase financial system efficiency (Kim et al., 2015) and a new type of information technology-based financial services (Lee and Shin, 2018). P2P lending is defined as all lending and borrowing activities among individuals using a technology platform without any intervention from a traditional financial institution (Lee and Shin, 2018; Ritter et al., 2009) and related to the internet-based financing platform (Stern et al., 2017).

2.2 Ultra-Micro Segment

The ultra-micro segment is the backbone of Indonesia's economic growth. There are more than 50 million small-medium enterprises (SMEs), but many of them do not have adequate access to the bank (OECD, 2019). Most SMEs are located in Java and Sumatra's urban areas, where the Indonesian population is concentrated. SMEs found difficulties in growing their businesses since they usually managed the company in more conventional ways. The limited resources of the SME's (especially in financial) were also obstacles to making their business competitive. They won't provide the collateral when applying the loan to formal financial institutions such as banks. Therefore, they are finding difficulties in getting financing from the banks to grow more significantly in the future.

2.3 MODALKU

Taking advantage of smartphone and mobile subscribers' emergence, the peer-to-peer lending platform such as Modalku saw the opportunity to capture this prospective market. The new

Targeting the ultra-micro segment, Modalku focuses on serving and providing loans for the ultra-micro detail located in the large municipalities in Java provinces. The Modalku Dana Usaha was launched in late 2018 using the new approach. To minimize the risk and reduce the default rate, the first applicant can only borrow a maximum of three million Rupiahs with a loan tenor of 13-26 weeks. The repayment system is setting-up weekly every Wednesday to their virtual account that can be paid through some appointed POS, such as minimarket. There is a 3% interest rate per week and an additional 5% administration fee for any approved loan application. The borrower must provide the bank account since the loan disbursement will be transferred directly to their account.

2.4 Direct Sales Agent

The innovative strategy was developed using the direct agent sales (DSA) system to approach the new lead prospective customers. Even P2P lending system is highly emphasized with the technology application and platform, Modalku chose to combine the existing system with the direct selling strategy. Direct selling is defined as a distribution method used both for product or service industries through personnel contact (Yen, Chen and Chen, 2008). In his book "Marketing 4.0", Phillip Kotler stated that the marketing strategy should adapt to the changing nature of customer paths in the digital era and the role of marketers is to guide the customers throughout their journey from awareness and ultimately to advocacy (Kotler, Kartajaya and Setiawan, 2017). The DSA of Modalku is expected to give adequate information about the product and the platform while influencing the prospective borrower to apply for the loan. The DSA act as an educator who will explain the benefit of the product to increase the borrower's business performance.

2.5 Mobile-Based Applications

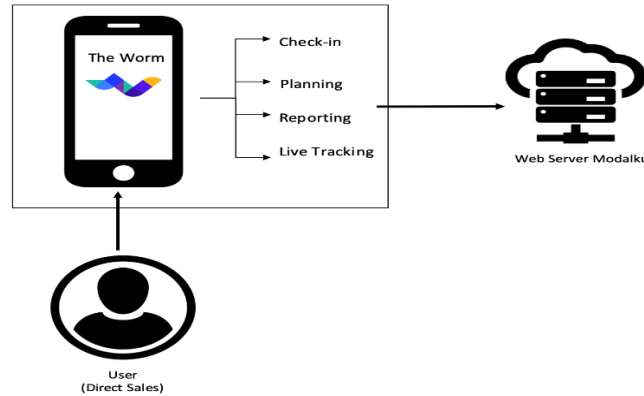
A mobile-based application is defined as a type of application software designed to run on a mobile device. The mobile application itself can utilize data from the GPS to ensure the direct sales agent (Horton, 2018). The mobile application also has the facility to read the item barcode using the camera to accelerate all necessary information and data input. By using this mobile application, Modalku management can easily monitor their sales agent's activities when meeting with the prospective customers in the exact location and at the same time having adequate knowledge about the business of prospect borrower. The mobile-based application provides real-time information accurately and shortens the application processing time. The apps make it easier to handle the whole application process, increase efficiency, improve customer service, and increase the approval rate. The mobile-based application system's benefits are easy coordination among the team members by sharing information and data accurately; keeping tracking of the application process; simplify the reporting system, and allocating the resources.

2.6 Global Positioning System (GPS)

Global Positioning System (GPS) is the method of determining the object's position in any circumstances by measuring distances to points at known coordinates using satellites (Blewitt, 1997). As a global navigation satellite system (GNSS), GPS can provide the geolocation and time information to any GPS receiver on the earth (Abel dan Chaffee, 1991). The mobile-based application with the GPS feature enables the management to track in real-time (live) all the sales agent's movements directly from the computer or laptop. The GPS shows which streets or areas were covered by the sales agent and the suitability with each sales agent's target performance.

3 System Design

Developing a sales productivity application for MODALKU needs some phases which should be performed. The application system should cover the need to monitor the direct sales agent's performance, including the attendance system, the work-plan, live tracking, and reporting. The following figure shows the system design used in the sales productivity apps, called The Worm.



Source: Kurniasari & Prihanto (2019)

Figure 2 System Design

Figure 2 shows the design of The Worm system. The user's string message (direct sales agent) is transmitted to the system's back-end through the Internet, and some text pre-processing steps are performed. All forms of database query will be delivered to the webserver Modalku. The knowledge structure shown in the Worm application was obtained from interviews with the Modalku management team. The features of the Worm consist of four main subjects, including check-in, planning, reporting, and live tracking.

4 Implementation

Implementing the new application "The Worm" is changing the flow and business process of Modalku in acquiring new customers (refer to Figure 3 below). The new application shortens the business process in measuring the direct sales agents (DSA). The DSA can download the Worm apps easily and login through their smartphone. The Worm enables them to record their attendance directly. By registering their attendance via apps, the DSA does not need to go to the Modalku office every day. DSA is also able to inform and explain to the office about their absence in the Worm apps. The new apps reduce the time needed for them to go to the office. They can start to visit the prospective customers as soon as possible during the office hour at 8 a.m. The app's system allows them to acquire more prospective borrowers and allocate their time to visit existing borrowers. All the DSA activity will be recorded in real-time, and the Modalku management had the opportunity to monitor directly. Managing the time efficiently, the DSA has the chance to fulfill the target of new borrowers. If the DSA finds any difficulties in achieving the target, the Modalku management can respond and solve it quickly.

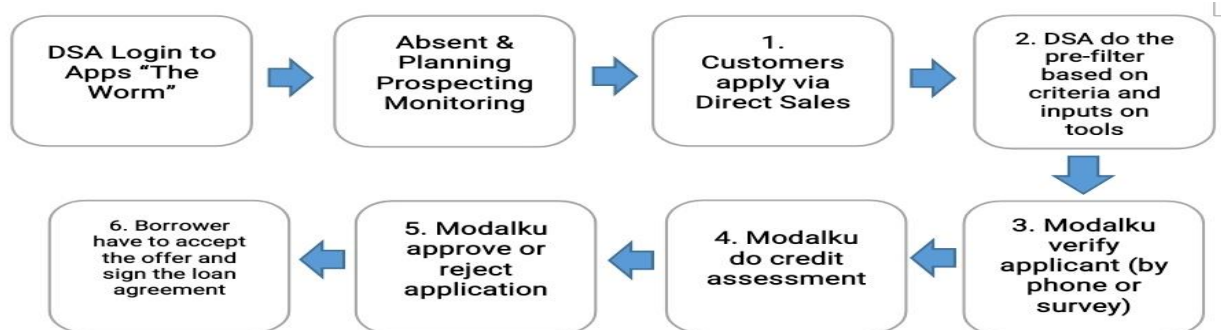


Figure 3 Flow Process (New)

Source: Modalku (2019)

The Worm application is developed as an integrated system to monitor the productivity of the DSA as users. Shortly after users launch the application, The Worm logo on the splash screen will be displayed. Before logging in with the Worm system, all DSA have to complete and fill in their profile, consisting of personal data, password, and the sales coverage area (Kurniasari & Prihanto, 2019).

The menu provided in this application is the check-in menu for the DSA. As the first feature in the Worm, this feature describes the activity of DSA to check-in. After taking a photo by the camera in their smartphone, the DSA must tag their location. Using GPS, the system will be able to live tracking the exact position of each DSA. This feature records the part of the DSA and compares it to the prospect borrower location. If the prospective borrower's place is not in the sales coverage area, the system will automatically reject the check-in process. This system is expected to help the Modalku management supervise the DSA assigned to visit both the prospect and existing borrower. The course will describe each DSA performance to fulfill the given daily target visit (Kurniasari & Prihanto, 2019).

In the planning features, the Modalku management creates the target assigned for each DSA daily. Modalku will use the Worm application to ensure that all DSA has fulfilled the target to visit the borrower according to the Modalku team's schedule. The feature describes the prospective leads/borrower target, the prospective apply mark, and not the apply leads target. Each DSA has to explain if they fail to meet the target (Kurniasari & Prihanto, 2019).

The next feature of the application system is recording data from new leads (prospective borrowers). Each DSA must fill in the new lead's data, including the personal and business name and the business's address. Using GPS, the system will show the live tracking of the exact location of the company. New leads interested in applying for the loan will proceed to the next process and apply online through the DSA sales application (Kurniasari & Prihanto, 2019).

The final feature describes the reporting system of each DSA's daily activities. The reporting system gives detailed information about each DSA in full-filling the target number of borrowers. This feature provides benefits both for Modalku and the DSA themselves. For Modalku, the number of prospective leads who are finally applying for the loan will show the ability to increase the company's performance. Each DSA must write down the visit result and explain the reason in detail why the prospective leads do not interest in applying for the loan. If the DSA missed the target, Modalku could help the DSA solve the problem and initiate some strategies to improve their performance. The system can describe all lead borrowers' data in real-time, and live tracking will enable them to evaluate the prospective borrowers' business performance. The scheme summarizes the data of DSA activities every day (Kurniasari & Prihanto, 2019).

Meanwhile, the reporting system enables the DSA to evaluate their performances and their financial reward if they meet the target. It will also motivate them to work harder to fulfill the target. Since all data are automatically recorded, the DSA will re-approach the lead borrower who is not interested in applying for the loan in the future. A changing new approach can be developed to successfully acquire more lead borrowers (Kurniasari & Prihanto, 2019).

5 Conclusion and Future Works

The Worm application for the Peer-to-peer lending industry in Indonesia is successfully developed and implemented in Modalku. Users (DSA) can have the data and information divided into four categories: Check-In, Planning, Reporting, and Live Tracking. The system is expected to enhance the DSA and Modalku performances to achieve and support increasing financial inclusion in Indonesia. The application system simplifies the administration process by giving live tracking location of the DSA, and the prospect leads businesses. The usage of technology would be free of effort and less consuming for the DSA in input the borrower data. GPS sensors available in the system will enable the Modalku management team to monitor the DSA activities accurately and maintain its competitiveness (Utomo and Budiastuti, 2019).

Even though the new system brings more benefits for Modalku and DSA, it still needs some development in the future. Future development should cover the integration of both the Worm and the application process. The new application's success should be evaluated by measuring the perceived usefulness and ease of use (Sunny, Patrick, and Rob, 2019) using the Technology Acceptance Model (TAM) approach.

The new system is expected to increase the number of new applicants from the ultra-micro segment interested in borrowing loans from Modalku as a Peer-to-Peer lending platform. The approval loan can be used to growing the business. The new system is also aligned with the Indonesian government's objective to increase the financial inclusion for the countries' ultra-micro segments. Furthermore, the new system can be replicated and used in other financial technology platforms to deal with the prospective borrowers that combine the human and technology approach simultaneously.

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