

Analysis of The Implementation of Sharia Governance and Reputation of The Behavior of Investment In Fintech Sharia

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Abstract

Technological advances have positive impact on the progress in the field of financial system especially in Indonesia. On the other hand, on the financial services in Indonesia keeps growing rapidly followed by more sophisticated technology. When this corporation's financial technology (fintech) in Indonesia is develop rapidly. The high public interest Indonesia use application it makes the technology favorite by users and the use of fintech the higher. High interest of public, behind the development of company financial technology (fintech) particularly companies financial technology (fintech) about the manner of sharia should it was offset by an obligation implement the principle sharia principle about the manner of sharia governance at each activity This study on the use of quantitative square minimal partial (pls) the result is the sharia compliance significantly to behavior have had a positive impact and investment financing providers (lender) in syariah fintech peer to peer of lending.

Keywords: Fintech Sharia, Reputation, Behavior Investment, Sharia Governance

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1. INTRODUCTION

On the field of financial services business in Indonesia keeps growing rapidly followed by the more sophisticated technology. New innovations in finance continuously developed in order to indulge in making transactions. businessman the presence of the company financial technology firm (fintech) in Indonesia is develop rapidly. The high public interest Indonesia use the application of this makes the technology favorite by users so that the dominance of the use of the higher.(Fitriani, 2018)

Based on the results of the internet service providers association of Indonesian (APJII) in 2016, the number of internet users in Indonesia reach 51,8 % or 132,7 million people of the total Indonesian population 256,2. million people. It means more than half the community in Indonesia use the internet, Where the majority of the internet users 65 % located on the island of Java. The internet users in Indonesia in the reproductive age the 35-44 age 29,2 %, aged 25-34 year 24,4 % and 18,4 % (age 10-24 years) senior age while the rest. Based on the results of the survey

show 62 % (82,2) million internet users / entrepreneurs are the workers. While technical payment transactions online 36,7 % still via an atm And the frequency of online transaction 34,8 % remain low in the months more than 1.(Wulandari, 2017)

in addition, as a Sharia Fintech start-up company, you must also pay attention to and maintain the company's reputation. Reputation is a common attribute of the organization that reflects the extent to which internal and external stakeholders see the company as a good and not bad company. (Hamza & Abdul Rakhman Laba, 2021). There are many things that must be considered in maintaining the company's reputation, namely the company's ability to build a positive image and the company's ability to generate returns. (Saparuddin Siregar & Isnaini Harahap, 2020)

On the other hand, the development of fintech in Indonesia in second place after Singapore Among other ASEAN countries. In Indonesia , fintech syariah having spirit to raise its level of inclusion of financial for the community that difficult to gain access to

financial institution conventional.(Kodriyah & Haryono, 2018)

Peer-to-Peer Lending (P2PL) Product In syariah fintech, can you as a means of online based to confront many people. P2P lending confront the people as borrower with others is willing to be lenders (investors). The system P2P lending that its management based online has made many companies play a role as service providers P2P lending capable of running their business with the operational costs at the price. So, can offer services that they have cheaper compared with banks in general. So, the investors have the potential to have larger profit than if they just savings and investing in the usual financial institutions. In addition, received loans also benefit by low interest rates, since the p2p service providers lending more efficient costs on their service.(Rumondang, 2018)

But, behind the development of company financial technology (fintech) particularly companies financial technology (fintech) about the manner of sharia should it was offset by an obligation implement the principle principle good corporate governance consisting of transparency, accountability, responsibility, independence, and fairness on each their business activities.(Purnamasari & Darma, 2015)

According to Indonesian banking GCG guidelines published by national committee policy corporate governance, the implementation of regulations and GCG requires commitment both from the president and all the elements in the structure. The implementation of policy determination of basic strategic policy and the code of conduct must be followed by all elements in the company. GCG having five principles transparency, the akuntabilitas, responsibility, kemandirian keadilan, and the object to protecting the interests of all stakeholders.(Pedoman Umum Good Governance Bisnis Syariah, 2011)

GCG has a positive effect on company value, if a company implements good governance, it is considered to have value which means that the company is valuable and 20 has prospects in the future. (Indah, 2017)

The difference on the implementation on the financial sector governance syariah and conventional located on the principle syariah, compliance who are defined as compliance with. shariaOne of the important on the development of financial technology firm (fintech) namely syariah compliance. Sharia compliance menjadi the main factors that distinguish

the company product work and syariah with conventional corporation or financial institution. So that the application of sharia in the whole principle based company (fintech), financial technology firm so very much needed oversight of the syariah value by Dewan Pengawas Syariah (DPS).

Shariah compliance according to Muhammad Antonio Syafei is the observance of Islamic banks or Islamic financial institutions to sharia principles. Compliance with sharia principles is a special protection for users. That is, it is in the form of ensuring the application of sharia principles to every product offered and in its implementation. (Rasyid & Setyowati, 2017).

Violations of sharia compliance that are allowed by DPS or escape the supervision of DPS will obviously damage the image and credibility of Islamic financial institutions in the eyes of the public, so as to reduce public trust in Islamic financial institutions. For this reason, the role of DPS in Islamic financial institutions must be fully optimized, the qualification to become a DPS must be tightened, and the formalization of its role must be realized in these Islamic financial institutions. (Junusi, 2012)

Companies that have good financial performance will be able to increase trust in front of their stakeholders. Financial information provided by the company in order to reduce information asymmetry is used by interested parties in conducting an assessment to the company. This information can be used by economic actors in determining which companies have a good reputation. (Robert Jao & Andy Victor Lie, 2020)

As companies start up fintech syariah also must pay attention to and maintaining the reputation of the company. Reputation is a common attribute organization that reflect the extent of internal and external stakeholders looked at companies as a good company and not bad.(Hamza & Abdul Rakhman Laba, 2021).

Many things to be considered in maintaining the reputation of the company build a positive image of the ability and the ability firm in producing return. (Saparuddin Siregar & Isnaini Harahap, 2020). According to the theory, the understanding of behavior depends on motivation (intention) and ability (control over motivation). This cognitive behavioral model controls human behavior guided by three

considerations: (1) attitudes; (2) normative beliefs; and (3) control beliefs. (Hamzah, 2019)

2. RESEARCH METHOD

The research is quantitative research way to do the testing and next to prove a from the hypothesis has been made through various grooves in data processing. A measuring instrument for reprocessing primary data in this study using partial least square (PLS) or smart pls 3.0 version. Pls is prediction technique oriented with PLS particularly helpful to predict the dependent variable involving large amounts of an independent variable (Chin,1995). Square minimal partial (PLS) used to check the reliability of a model and validity of the skeleton theoretical construction also allows certain construction to be estimated simultaneously (Thakur, 2014). In addition, the parameters and the coefficients structural lane were tested. take this approach It is important to reiterate that the approach of pls became popular and widely used among researchers from the field of information. (Chin, 2003)

Exogenous Variables / Predictor Variables (X) Exogenous variables are independent variables that affect dependent variables. (Santoso, 2014) In the SEM model, exogenous variables are indicated by the presence of arrows derived from these variables towards endogenous variables and are not influenced by other variables. The exogenous variables in this study are Sharia Governance which consists of Good Corporate Governance (GCG) (X1), Sharia Compliance (X2) and Reputation (X3). Endogenous Variables (Y) Endogenous variables are dependent variables that are influenced by independent (exogenous) variables. (Santoso, 2014) In the SEM model, exogenous variables are indicated by the presence of arrows that go to endogenous variables. Endogenous variables have properties influenced by other variables. The endogenous variable in this study is Investment Behavior (Y). This study focus on governance sharia implementation a syariah fintech p2p of lending who it will impact on conduct investors financing investment or a grantor his.

3. RESULTS AND DISCUSSION

3.1. Results

The validity in research can be shown through model of the loading factors as the:

Picture: Model of Loading Factor



Value loading factors used to look at the level validity every indicator this research. Indicators it can be said valid when value loading factors his > 0.7. So that it can be seen in output model above that accountability, independency and transparency have to be in elimination of the to do processing subsequent data.

The Average variant extracted (AVE) is the process of testing the validity of the data in smart pls intended to know the owned by each variable. The AVE ideally to be above 0,5 to prove that each variable tested in research are valid. The AVE in research is as follows:

Tabel Average Variant Extracted

	Nilai AVE
X1 (GCG)	0,740
X2 (Sharia Compliance)	0,824
X3 (Reputation)	1,000
Y (Investment behavior)	1,000

Each variable in this research having value AVE above 0,5 who meant that all having good validitas discriminant variable and there is no problem convergent validities on the model being tested. So, for testing next will be.

Value discriminant validities is considered as of Furqan fornell-lacker and cross loading the useful to know whether variable tested having adequate discriminant and saw the value to loading the target is higher than in other variables loading value.

Tabel Fornell-Lacker Criterion

	X1	X2	X3	Y
X1 (GCG)	0,891			
X2 (Sharia Compliance)	0,764	0,861		
X3 (Reputation)	0,844	0,668	1,000	
Y (Investment behavior)	0,647	0,494	0,647	1,000

Tabel Cross Loading

	X1	X2	X3	Y
Fairness	0,877	0,700	0,688	0,541
Responsibility	0,904	0,664	0,809	0,610
Amanah	0,638	0,903	0,579	0,648
Bebas Riba	0,816	0,794	0,803	0,552
Bisnis Halal	0,553	0,877	0,389	0,681
Return	0,844	0,668	1,000	0,494
Investment Behavior	0,647	0,732	0,494	1,000

Of output fornell-lacker criterion showing that the loading each variable against having a value greater than the cross loading means all the variables discriminant validity having a good. And, table cross loading on is it clear that every indicator representing variable each have the higher than variable out the indicators. And therefore, the validities discriminant of all variable in research has already had good grades.

Reliability test on the model this can be measured by the see the magnitude of composite reliability of every indicator for measuring the value of the debt. The results of the output of smart PLS for measuring value composite reliability and Cronbach's alpha can be seen in the table below:

Tabel Composite Reliability and Cronbach's Alpha

	Composite Reliability	Cronbach's Alpha
X1	0,885	0,740
X2	0,895	0,824
X3	1,000	1,000
Y	1,000	1,000

Value composite reliability on the table above shows all variable having value > 0.7 and value Cronbach's alpha > 0.6. So that it can be concluded that all variable having reliability good in accordance with the minimum limits value.

R-square value in the output of data processing pls serves to see how big the influence of all variable exogenous (X) on variables endogenous (Y).

Tabel R-Square

Construct	R Square
Y (Intention to Apply)	0.570

The table above showed value r-square of 0,570 it means 57 % behavior investment influenced by all

variable x include good corporate governance, sharia compliance and reputation of while by 43 % influenced by other variables out variables used in this research.

The or path coefficient is the value to the relations between show exogen variable on variables endogenous whether having a positive direction or negative.

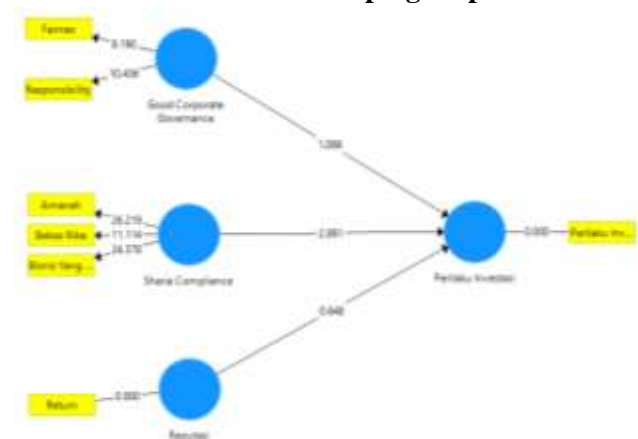
Tabel 4.11 Path Coefficient

	Perilaku Investasi
X1 (Good Corporate Governance)	0,394
X2 (Sharia Compliance)	0,584
X3 (Reputation)	-0,228

On the table above can be concluded that good corporate governance and sharia compliance having a positive relationship with investment behavior investors or a grantor on syariah financing fintech peer to peer. lending While variable x3 or reputation had a relationship with the value of negative -0,228 with investment behavior investors or a grantor on syariah financing fintech peer to peer lending.

Researchers conducted analysis next bootstrapping or t-statistics to know hypothesis study between exogen variable endogenous. In this research testing bootstrapping or t-statistics have output as reflected in next picture:

Picture: Bootstrapping output



To answer the hypothetical research researchers, see a direct influence between variables. Where it can be said that the positive and significant influence, when the t-statistics shows a positive and value P.values 0,05.

Tabel P. Values

	Original Sample	Sample Mean	Standard Devia...	T Statistics (Q/...	P Values
Good Corporat...	0.394	0.359	0.370	1.066	0.287
Reputasi -> Per...	-0.228	-0.207	0.352	0.648	0.517
Sharia Complia...	0.584	0.587	0.202	2.891	0.004

Based on the results of a hypothesis that expressed on table bootstrapping so can be described in table follows:

Tabel The Results of the Hypothesis

Variabel X	Variabel Y	T hitung	Keterangan
<i>Good Corporate Governance</i>	investment behavior	1,066 and 0,287	H0 rejected H1 accepted
<i>Sharia Compliance</i>		2,891 and 0,004	H0 accepted H1 rejected
Reputation		0,648 and 0,517	H0 rejected H1 accepted

In testing model structural can be done by saw the value Q2 (predictive relevance). Testing value Q2 with pls get the result in the table below:

Tabel Construct Cross validated Redundancy

	SSO	SSE	Q ² (=1-SSE/SSO)
Good Corporat...	70.000	70.000	
Perilaku Investasi	35.000	19.877	0.432
Reputasi	35.000	35.000	
Sharia Complia...	105.000	105.000	

The value of Q2 used to measure how well the value of observation produced by a model and estimated the parameters. The value of Q2>0 shows that the model can be said is good enough, and if the value of Q2<0 shows that a model in the study were considered less predictive has relevance.

Model fit used to measure model research, to see if model research this is worth and how percent feasibility his. Counting model fit with pls can be seen of the value of NFI resulting in table output as in the table below:

Tabel Model Fit

	Saturated Model	Estimated Mo...
SRMR	0.106	0.106
d_ULS	0.316	0.316
d_G	0.259	0.259
Chi-Square	47.325	47.325
NFI	0.736	0.736

Table above shows a model fit indicated by value NFI owned is 0,736 it means 74 % capital to research is said to worthy of test.

3.2. Research Discussion

Instrument testing variable good corporate governance indicators show that there are three who were deemed invalid, namely transparency accountability and independency. While test results on

a hypothesis that relating to GCG statement shows a positive influence is evident from the results of t-statistics that suggests there is a positive relationship between the implementation of good corporate governance against investor behavior fintech syariah peer to peer lending. And, more good corporate governance factors held at that also increase the reputation on conduct investors would affect invest in syariah fintech peer to peer of lending.

All indicators that were found in variable sharia compliance in testing PLS expressed valid and reliable. Testing path coefficient and t-statistics (bootstrapping) sharia compliance in fintech syariah peer to peer lending show the relation who positive for 0,584 and significant with the P-values 0,004. The relation that positive path are defined in the test and those obtained from the increase in the new company sharia compliance syariah fintech peer to peer behavior of lending will increase our investment investors or the best of syariah financing fintech peer to peer of lending.

Although all indicators is variable reputation in testing pls expressed valid and reliable. But in testing path coefficient and t-statistics (bootstrapping) variable reputation in syariah fintech peer to peer showing the relation of lending negative the -0,228 and insignificant the P-values 0,517. It was because the syariah fintech peer to peer lending as a company startup has been known by indonesian people, even the investors or the financing itself is observing the development of syariah fintech peer to peer lending in the future. It cannot be denied fintech syariah peer to peer lending have to work hard to improve the reputation of a positive because that is still very little understanding of the community of financial technology that has been widely known as a loan online (*pinjol*) illegal as is not listed on financial services authority (OJK) the negative image s development financing model for instant, with a very

large and billing models that would be embarrassing. Syariah fintech peer to peer of lending for the purpose of raising economic growth which flexible, safe, comfortable and the expected in accordance with syariah can change the public perception of financial technology.

4. CONCLUSION

Fintech peer to peer of lending significant progress. It can be seen that peminjam account or a grantor financing of lending in fintech syariah 951.662 be increased from 716.963 or about 25 %. Angka peminjam or receiver and financing be increased from 17.244.998 43.561.362 or about 152 %. The data prove fintech development of lending in indonesia show the positive both in the lender and borrower.

Business fintech syariah p2p lending have implemented sharia principles of governance and a reputation as a company star up fintech syariah p2p lending built by moving towards a positive to achieve broad public trust. Peer to peer fintech syariah lending also kept the syariah law and regulations law in indonesia.

Based on the processing and data analysis in chapter selumnya, it can be seen that only the sharia compliance it has some positive effects on behavior and significant investment investors or a grantor syariah financing fintech peer to peer lending. While the two others are good corporate governance variable and reputation of having a negative and insignificant to conduct investment investors or a grantor syariah financing fintech peer to peer lending. A positive influence on variable good corporate governance indicates that the increase the implementation of the good corporate governance and reputation in fintech syariah peer to peer lending will bring a positive influence on behavior investment investors fintech syariah peer to peer lending the trust and satisfaction them when invest in fintech syariah peer to peer lending. In addition, fintech syariah peer to peer lending expected to be keeping with the reputation of in the management of business and always hold fast on the principles of syariah (sharia compliance) who are identity and distinguishing between fintech syariah peer to peer lending with fintech lending conventional. So it can be a force for syariah fintech peer to peer lending can thrive in indonesia as countries with muslim majority population.

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