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Using Fintech and Village Credit Institutions Existence on Disruption Era in Bali

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ABSTRACT

The financial services industry is one area that feels disrupted, changing business models from conventional to moderate. Fintech is one of the economic practices in Bali, its presence being a new alternative choice for the community. On the other hand, the Balinese people have made the Village Credit Institution, as a financial institution that serves the financial transactions of rural communities, and is a solution to the limited access to funds for rural communities. This study uses a qualitative descriptive analysis, the scientific reason for establishing the Province of Bali as a research location, due to the many practices of using Fin-Tech, and Bali as the only province in Indonesia that has a Village Credit Institution, a non-bank as a financial institution based on local wisdom. The determination of the informants was carried out purposively, the informants were selected on the basis of their competence, such as government representation, the Fintech user community, management and customers. Impacts have been examined from economic, socio-cultural aspects and adaptive regulation. The conclusion of this study shows that the presence of fin-tech in the era of disruption in Bali did not influence people's choice to continue to make the Village Credit Institutions the foundation of their economic activities.

***Keywords**: Fintech, Village Credit Institutions, Disruption, Balinese, Foundation.*

Introduction

Disruption is an innovation, replacing old physical technology with digital technology that produces something that is truly new and more efficient, also more useful (Kasali, 2017). At present almost all sectors experiencing disruption are unavoidable and one of the sectors affected by the disruption phenomenon is the financial services sector. The payment industry, the transfer business through public infrastructure and companies are undergoing a very rapid transformation, replacing old players by utilizing new data platforms and sources. The increasingly diverse industrial landscape is causing beginners and established players to try to invest in 'social' experiences through new technologies of accounting for trustworthiness (Nelms *et al.*, 2017; Adhami *et al.*, 2018). Social experience in question is a transaction process that is carried out quickly, digitally based without requiring the actors to meet with each other. Of course this is seen as a new facility offered by the financial services industry, amidst the dynamism of the community to overcome time constraints.

Lee & Shin (2018) states that innovation in the financial industry caused by the development of information technology is the emergence of Fin-Tech which is touted as a game that changes, disruptive innovations that can shake the traditional financial markets. The existence of traditional and conventional financial services is certainly very interesting to be examined especially if the economic practice is carried out in an institutionalized, closely related to customs, culture and traditions that apply in a region. In brief, Financial Technology is understood as a merger of financial services with technology that eventually changes the business model from conventional to moderate, which initially had to pay face to face and bring some cash, can now make long-distance transactions by making payments that can be done in a matter of just seconds. As part of the development of the digitalization of the financial services industry that is not limited in space and time, Fin-Tech has also become one of the economic practices in Bali. Its

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presence is a new alternative choice for the community, even Drasch *et al.* (2018) states that if Fin-Tech utilizes the digital age, providing customer-focused solutions, while banks face a slow process of innovation. This statement is reinforced by Wonglimpiyarat (2018) requirements, Fin-Tech funding mechanisms become alternative entrepreneurial financing that is popular around the world.

Based on data from the Financial Services Authority (2019) Fin-Tech Companies registered in Indonesia are 144 companies, which have permits as many as 13 companies and 1 company is in the Province of Bali. The existence of Fin-Tech is shaded by OJK Regulation no. 77 of 2016. Borrower data through Fin-Tech is 16 million, most 70.56% are aged 19-34 years. Lenders through Fin-Tech are 578,158 entities, and in Bali there are around 7,390 entities, and as borrowers are 175,523. The accumulated amount of loan distribution in Bali Province is 977.81 Billion rupiahs. On the other side, the Balinese people have made the Village Credit Institution as a financial institution that serves the financial transactions of rural communities, and is a solution to the limited access to funds for rural communities. The number of Village Credit Institutions in Bali is almost the same as the number of traditional villages in Bali, which is 1433, because the Village Credit Institutions are indeed growing in the midst of the activities of traditional villages. Thirty-four Village Credit Institutions have assets above 100 billion rupiahs. The existence of this institution in Bali as part of the local wisdom of the Balinese people, is regulated in the Provincial Regulation of Bali, No. 3 of 2017 concerning Village Credit Institutions, and the Law of the Republic of Indonesia, No. 3 of 2013 concerning Microfinance Institutions. The existence of this Village Credit Institution is closely related to the practice of customs and traditions in Bali and is one of the backbones of the Balinese economy with its distinctiveness. Despite the history of the establishment of this institution to overcome the difficulties of the Balinese people in accessing loans in banks, especially for the purposes of traditional and religious ceremonies. The current practice is that this institution has become a solution for a variety of Balinese financial practices, not only limited to credit, loans for ceremonial purposes which cannot be facilitated by commercial banks, but the Village Credit Institution is also a solution for funding needs for education, motor vehicle credit, and the other. The Balinese also entrust their funds to be placed in this institution even in very large amounts. Some unique breakthroughs are made such as providing holiday packages abroad for customers who have high loyalty.

It is interesting to discuss and examine further, the presence of Fin-Tech and the existence of the Village Credit Institutions, as part of local wisdom, which is the economic practice of the Balinese people. Especially when associated with the industrial revolution 4.0, experts have stated that the industrial revolution will be dominated by digitalization, information and communication technology, machine learning, robotics and artificial intelligence, and will shift more decision-making from humans to machines (Syam & Sharma, 2018; Clarke & Tooker, 2018). The problem in this research is how is the impact of using Fin-Tech on the existence of the Village Credit Institution during the era of disruption in Bali? This study aims to examine the social changes that occur in the Balinese community with the existence of Fin-Tech, and the Village Credit Institution as the foundation of cultural-based economic activities in Bali in the era of disruption. The urgency of the research lies in comprehensive examination of the social, cultural, economic, and political aspects of law on the existence of Fin-Tech and the Village Credit Institutions. Some of the research that has been done focuses more on the economic field.

State of The Art

Some of the research results that become references and provide inspiration are studies from Leong *et al.* (2017) which looks at the conditions that occur in China, states that Fin-Tech utilizes technology in determining the design and delivery of financial service products, this has an impact on financial institutions, regulators, customers, and traders in various industries. Its presence can challenge the fundamentals of the regulated financial sector, leading to the emergence of non-traditional payment systems, peer-to-peer money exchanges and increased turbulence on the currency market. Anagnostopoulos (2018) conducted a review of the effects of Fin-Tech's development on the wider

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environment in financial technology, implications for financial institutions, and existing regulations, especially when technology poses challenges for global banking and regulatory systems. The results showed the readiness of the regulators to instill cultural change and harmonize technological progress with existing regulations.

Third is the study by Wall (2018) on the role of artificial intelligence has played an increasingly large role in the economy and this trend is likely to continue, affecting the evolution of the financial system and existing financial regulations. Jagtiani & Lemieux (2018) state that Fin-Tech's role is increasing in shaping finance and banking, using account-level data from Lending Club and Y-14M data reported by U.S. banks with assets of more than $ 50 billion. Lending Club's consumer lending activities have penetrated areas that are underserved by traditional banks, due to a highly concentrated market, at least a branch office. The results of research from Jagtiani & John (2018) that Fin-Tech has the potential to disrupt and create new risks, while the banking world seeks to provide consumer protection to maintain financial stability. Shim & Shin (2016) in his research stated that the rapid development of information and communication technology changed the industrial world, signaling a new era of convergence services, by taking case studies in China. Use the Actor-Network Theory (ANT) to conduct a multi-level analysis of the historical development of China's financial technology industry.

Tekic & Koroteev (2019) examines the typology of four generic digital transformation strategies in Fin-Tech, which basically differ in primary motivation and transformation targets, leadership style, skills, creativity, entrepreneurial spirit. Li (2018) found that digital technology has facilitated major changes in business models, and several significant trends have emerged, increasing the adoption of several business models as portfolios in one company. This research contributes to the understanding of business model theory and digital technology facilitating business model innovation in the creative industries. Dengler & Matthes (2018) highlights digital transformations that will have a large effect on the labor market, a relationship exists between automation risk and employment growth. Leech (2018) in his research, states that if new technology has the potential to disrupt business, government, and society, it is a change in the market or industry. Subsequent changes, the industry substantially changed the norms and institutions of society. The existence of the Cloud which is part of Fin-tech according to Gozman & Willcocks (2019) takes place quickly, the challenges and risks inherent in regulating the Cloud cause regulators to worry. While Damian & Manea (2019) in their research explores how much interest business people who receive funding through Fin-Tech to launch and improve their start-up. This research found that Fin-tech allows freelancers to become entrepreneurs.

Fin-tech as part of the digitalization of technology in finance is the focus of studies of various studies such as that conducted by Tekic & Koroteev (2019) in his research highlighting the rapid development of digital transformation, in terms of two critical dimensions namely the use of digital technology and the readiness of business models for operations the digital. There is a typology of generic digital transformation strategies, including primary motivation and transformation targets, leadership style, the importance of skills such as creativity and entrepreneurial spirit among employees, risks and challenges faced in the process, consequences of potential failures, and tactics available for improvement. Whereas Dengler & Matthes (2018) highlights that digital transformation has a large effect on the labor market, due to automation. In connection with the existence of banking in the midst of the emergence of Fin-tech, Vives (2019) pays special attention to the impact of digital technology, and reduces the consequences of policies for regulation and competition policy. Gozman & Willcocks (2019) in their research stated that cloud-based fin-tech companies interfere with traditional banking models. Damian & Manea (2019) provide a view if Fin-tech allows freelancers to become entrepreneurs. Dranev *et al.* (2019) in his research emphasized that technology development and digitalization play an important role in the financial sector by enabling companies to create value in a rapidly changing environment.

There are several studies that discuss the existence of the Village Credit Institution, Astawa *et al.* (2016) in his research gives attention to the performance of the Village Credit Institutions, which is one of the microfinance institutions in

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Bali. This institution as a cultural harmony, which had previously been taught by Astawa (2013) to find out the application of the concept of harmonization as an organizational culture by rural credit institutions in Bali. The results showed that harmonization has been used as a behavioral value by owners and management, to maintain a harmonious relationship with God, between humans, and the environment. Research Astawa *et al.* (2015) found that another way was needed to encourage small and medium-sized companies to improve their performance, namely through financing by this Institute. In addition to the aforementioned studies, there are studies that further strengthen the *Das Sein* and *Das Sollen* research, Ibrahim & Verliyantina (2012) examine the condition of microfinance institutions in Indonesia that have not maximized the use of internet technology, especially the use of social and interactive media sites that have the ability to catalyze and mass mobilizers.

This condition was observed during the economic crisis that hit Indonesia in 1997/1998, independent business groups, especially small and micro enterprises with low income, did not easily get capital or financing from banking institutions. Ahlin *et al.* (2011) observing the success of microfinance institutions (MFIs) is highly dependent on the country, particularly macroeconomic and macro institutional features that are important determinants of MFI performance. The difference found from observing the results of the study with the research conducted lies in the determination of the research locus, not found research that discusses fin-tech and Village Credit Institutions as a joint financial practice, even though both of them are community choices, especially in this era of disruption. Some studies also provide attention to the importance of regulatory changes that must be issued by the government to regulate the activities of financial institutions that apply fin-tech, as well as its very rapid development.

Theory Reference

Bank Indonesia Regulation No. 18/40 / PBI / 2016 concerning the Implementation of Payment Transaction Processing, Bank Indonesia Circular Letter No. 18/22 / DKSP, concerning the Implementation of Digital Financial Services, and Bank Indonesia Regulation No. 18/17 / PBI / 2016 concerning Electronic Money is a legal umbrella for the operation of Fin-Tech as a payment system in Indonesia. Fin-Tech can simplify the transaction chain, reduce operational costs, encourage economic policy acceleration, increase the velocity of money circulation to improve the people's economy. In addition, Fin-Tech is changing the payment system of the community, helping start-up companies, reducing capital costs and operational costs. As a Fin-Tech payment system, this is replacing the role of formal financial institutions such as banks, providing markets for businesses, implementing investments more efficiently, mitigating risks from conventional payment models. While the disruption has replaced old markets, industry and technology, and produced a more efficient and comprehensive novelty, it is destructive and creative. Disruption is a process that does not occur instantly, starting from ideas, research on experiments, then the process of making, developing business models (Kasali, 2017). Related to this research topic, disruption as a change is digitalization in finance. Some theories relevant to the research topic are Coleman's Theory of Collective Behavior (Subawa & Widhiasthini, 2018) suggesting the general characteristics of collective behavior involving a number of people who take the same actions at the same time. Theory of Social Change includes three ideas namely, differences, differences that occur at different times, and between the same social system conditions. Social change will be observed from relationships, organizations, and bonds between elements of society (Sztompka, 2007).

Research Methods

This study uses descriptive qualitative analysis, the data presented are natural, not converted into numbers. Bali Province was designated as a locus of research, due to changes and practices in the use of Fin-Tech. The choice of location is also due to Bali as the only province in Indonesia that has a Village Credit Institution, which is a no-bank financial institution based on local wisdom. The determination of informants was carried out by purposive sampling and research informants consisted of fifteen people, including the Financial Services Authority as representatives of the government, Fin-Tech users, managers and customers of the Village Credit Institution. Research data were collected through observation, in-depth interviews and document studies. Data validity testing is done by triangulation, before the data presentation has been done data reduction.

Results and Discussion

The Industrial Revolution 4.0 has brought about various changes by utilizing advances in information technology and the emergence of Fin-Tech in Indonesia, including in Bali, which is intended to facilitate the public in making financial transactions online, increasing financial literacy and inclusion. The financial services industry has been disrupted, now people are accustomed to carrying out various financial activities digitally. Leech (2018) highlights the existence of new technologies that have the potential to disrupt business, government, and society. Technology interferes with social interactions and relationships, organizational structures, institutions and public policies. Related to disruption in the financial sector that gave birth to Fin-Tech, in general it has an impact on various things, such as the description, and the impact on the existence of Village Credit Institutions will be examined as follows.

Economic Impact

Dranev *et al.* (2019) states, if technology and digitalization play an important role in the financial sector. This allows companies to create value in a rapidly changing environment. This opinion was reinforced by Li (2018) who stated that digital technology had caused major changes in the business model, and was followed by the emergence of significant change trends. The practice of remittances, namely the transfer of money to his family, which is carried out by Indonesian workers from Bali who work abroad, now has used Fin-Tech services. They began to switch from the start using conventional remittance services that officially opened outlets, such as Western Union, MoneyGram and Ria, with high fees.

Fin-Tech services such as TransferWise, Remitly, Worldremit which are startups set low-cost financing, as stated by informants A, and F whose husbands work on cruise ships abroad. Crowdfunding Fin-Tech has changed the old ways to donate, even to invest. This has been disrupted from models donating through charity boxes, account transfers have changed with digital platforms. Payment using Fin-Tech, has penetrated the Balinese community, and applications that are often used are the Go-Pay application, OVO and FUND. The three applications are used by the public to pay for motorcycle taxis online, to order food, electricity, and other payments. Informants B, C and D always use Fin-Tech payment if they order food and drinks, pay taxis and motorcycle taxis online. Following is the statement of informant B:

> "I prefer to use Go-Pay because it is practical, the rewards points are also many, the promos are also varied, for a certain amount I can get a bonus". While informant C added: "I don't need to carry cash anywhere, just bring a smartphone, if my OVO has been left top-up."

The same was stated by informant D. The researcher observed that the use of Fin-Tech payments was very widespread among students and professional workers. Informant F who is an online motorcycle taxi driver explains the following:

> "Now more people use Go-Pay instead of paying cash, for me it is practical, there is no need to prepare change when consumers pay, nor do consumers need to prepare cash or wait for change from drivers".

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Referring to the description of the interview, extraordinary changes have occurred in the economic field. Then it refers to the general characteristics of Collective Behavior, which involves a number of people who take the same action, at the same time. In accordance with the Theory of Collective Behavior and Theory of Social Change, the practice of Fin-Tech is also found in other matters such as peer-to-peer lending engaged in credit, lending practices and financial arrangements. This digital loan model is also in great demand by various groups, especially entrepreneurs who are just starting startups. This is done easier, than they make loans to banking institutions that apply complicated standards and require a long process. Loan accumulation data, during 2019, amounted to 28.36 trillion rupiahs, an increase of 25.13%, as many as 6 million people received loans, 245 thousand people as lenders, in Bali Province there were 4,367 lenders (Source of the Financial Services Authority of the Republic of Indonesia, 2019). Peer-to-peer lending has created inclusions in the field of finance, unwittingly including all elements in the digital practicality of finance. Like the opinion of Diniz *et al.* (2012) that financial inclusion provides access to formal financial services at affordable costs for everyone, thereby increasing economic growth.

The Village Credit Institutions in Bali, which grew and developed as a local wisdom of the community, remain a reference for Balinese financial activities, from saving activities, deposits to credit in the midst of the era of disruption. Its existence is almost in every traditional village in Bali, the trust of the community towards this institution is very high. Informant E, a Traditional Leader, served as an advisor to one of the Village Credit Institutions, who achieved various achievements stating that the Village Credit Institution already has its own market, customers are not easy to switch to digital financial institutions, or other financial institutions such as Fin-Tech. This opinion was supported by informants G, H and I who are managers of the Village Credit Institutions in Bali and informant J, who is a representative of the Bali Regional Development Bank as the Trustee of all Village Credit Institutions. From the economic side, people who save their funds are free from taxes and the community makes this institution as a reference in borrowing money for the needs of traditional and religious ceremonies, which indeed cannot be provided by public banking. Besides for other purposes such as education funds, business development funds. In line with research, Astawa *et al.* (2015) that the Village Credit Institutions have encouraged small and medium-sized companies in an effort to improve their business performance with funding from the Village Credit Institutions.

Socio Cultural Impact

The industrial revolution 4.0 has collaborated in cyber technology and automation, the application of which is centered on reducing labor in its application. This certainly results in better efficiency and time management. There are nine technologies as pillars of industrial development, namely internet of thing, big data, augmented reality, cyber security, artificial intelligence, addictive manufacturing, simulation, system integration and cloud computing. The presence of Fin-Tech in Indonesia has become an inseparable part of the industrial revolution 4.0. Goldberg & Johnson (1990) states that the banking industry provides an excellent example of the internationalization of world business and economic interdependence between countries.

Koetter & Noth (2013) emphasized that the use of information technology contributes to changes in the productivity of banking institutions. The heyday of banking services carried out manually and conventionally, such as queuing at the teller, and customer service for a long time has been abandoned. Changes in people's lifestyles and the rapid advancement of information technology have led to the practice of using Fin-Tech as a response to the demands of a fast-paced lifestyle. Fin-Tech minimizes transactions of buying and selling, payment, transfer of funds from an ATM or to a bank. Fin-Tech helps buying and selling transactions and payment systems become more effective, efficient, economical. Hayes (2019) in his research discusses the widespread use of Bitcoin, cryptocurrency, and block chain as Fin-Tech practices. Furthermore, his research interprets the relevant ontology, namely changes in economic, political, and social life; as an accounting system, as a form of organization, and as an institution. Instant culture is one of the impacts that can be observed from the practice of Fin-Tech, the public wants to get a loan of funds quickly through

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peer-to-peer lending, without complicated procedures as implemented by banking. While for Fin-Tech payment, the impact of the emergence of a practical culture, its use does not need to prepare cash, motorcycle taxi or taxi drivers online, and consumers are very time-saving and transactions run safely without fear of the risk of fictitious orders.

Dodd (2017) reinforces the opinion that the impact arising from Fin-Tech, especially Bitcoin as an ideology, has produced a growing community of political, organizational and social structures that function as relational money. It is interesting to discuss this bitcoin, the impact that can be observed is the emergence of different social statuses for its users, namely the status as people who are technologically literate, and their self-image as people who have high economic ability. That is because bitcoin as digital money has a high financial value. Its users are accidentally gathered in an organization, because it has the same ideology that is the ideology of money. Informant J, a bitcoin user, states that the exchange rate of bitcoin is maintained at a fairly high nominal value. Researchers also observed that bitcoin, independent of government control through its central bank, functions as an international transaction tool. So it is very natural that bitcoin printers survive, set high price standards, this is in accordance with the opinion of Subawa (2016) that the right pricing strategy is very important to maintain and win the competition.

Mutual cooperation as a local culture that grows, develops and is the local wisdom of the Indonesian people, including the Balinese, is actualized through Fin-Tech crowdfunding in making donations. Kasali (2017) labeled the DNA sharing economy, in the practice of mutual cooperation in urban communities, becoming a substitute for conventional mutual cooperation. The socio-cultural impact that can be observed from the existence of the Village Credit Institutions in Bali is very complex. This institution grows and develops in the midst of local wisdom of the Balinese people, especially related to Balinese customs and culture. In 1984 the birth of the Village Credit Institution was conceived by Prof. Ida Bagus Mantra (Governor of Bali, at that time), as a response to the situation surrounding Balinese society at that time. Existing commercial banks cannot meet the funding needs of the Balinese people for the needs of traditional and religious ceremonies. The development of the Village Credit Institution has grown rapidly from year to year. Likewise, the number of assets managed, the community's dependence on the funding provided has also increased. This institution accepts savings, deposits, and credit for the needs of education costs, and other needs that are difficult to access by the public in banking. The following is an excerpt from an interview with informant K and L, as customers, who stated, "many villagers entrust large amounts of their funds to be deposited even deposits in the Village Credit Institutions. They are proud to be able to contribute. This was confirmed by informant E, who stated that the Institute had its own market share, which was not affected by the presence of Fin-Tech, observers of the researchers also showed that the indigenous people in Bali were very proud of the Village Credit Institutions in their villages.

In addition to the value of pride, customers of this institution are bound by customary sanctions that can be imposed if they are indicated to harm the Village Credit Institutions such as arrears in credit payments, their names will be announced in village meetings. Of course this is a social sanction that is quite heavy for the culprit. The decision to impose sanctions was made from the results of the manager's meeting with the Village Leaders. The results of the decision are outlined in the Village Decision by the Head of the Customary Village as the authority in the his village. Penalties that can be given include *sangsara danda* (ceremony), *artha danda* (money) or *jihwa danda* (ostracized). Through the threat of social punishment that emphasizes such values, norms, ethics and etiquette, the observance, compliance and trust of the Balinese people towards the Village Credit Institution is maintained. The Social Change Theory, which states that the formation of bonds between elements in society is very strong applies to the work patterns of the Village Credit Institutions. Schein (2004) can be related to the phenomena that occur in the Village Credit Institutions, the strong organizational culture based on awareness of beliefs originating from religions such as *sradha*, *bhakti*, *karmaphala*, *tat wam asi*, *rwa bhineda* and *olas asih* as references.

Impact of Adaptive Regulation

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The rise of Fin-Tech in Indonesia including in Bali, ideally supported by changes in regulations issued by authorized institutions, Leech (2018) highlights the existence of new technologies that have the potential to disrupt business, government, and society, disrupt social interactions and relationships, organizational structures, institutions and public policy. The importance of the adaptive attitude of the regulators in renewing regulations is also emphasized by Hatammimi & Krisnawati (2018) for further action through financial planning literacy. Pasiouras *et al.* (2009) highlights regulations and supervision for banks. Researchers assume regulatory changes are needed as a reference from entrepreneurs especially those who are just starting startups. Includes guidelines for utilizing financial industry services offered through Fin-Tech. Bank Indonesia as the central bank of Indonesia ensures payment traffic that has been penetrated by technology, one of which through Fintech, runs orderly and safely. Bank Indonesia ensures the protection of consumers, specifically regarding guaranteeing the confidentiality of data and consumer information through cyber security networks. Regarding savings, loans and equity participation, Bank Indonesia requires businesses to comply with macro-prudential regulations, and to explore the market. To ensure the security and order of payment traffic, Bank Indonesia by becoming: a facilitator, coordinating and communicating, maintaining relationships with relevant authorities to continue to support the existence of Fin-Tech as a payment system in Indonesia.

Commit to supporting business people in Indonesia by providing regular briefings on Fin-Tech (https://www.bi.go.id/en/en/education). Fintech has become the choice of financial services for the public, such as borrowing funds. They switched from loan services provided by banks to Fin-Tech based institutions. In practice, if there is a late payment, it will be conveyed through a message service to all parties whose names are listed on the smartphone of the credit borrower. As the data submitted by informant M and N, and based on the observations of researchers themselves. At this time the role of the debt collector has been replaced by an electronic message, which preached the late payment of credit installments from someone. Sometimes even the name in question is not stored on the cell phone that receives the message. This happens because before receiving a loan, prospective credit recipients must provide and allow access to data, all mobile numbers to companies engaged in the field of Fintech. When looking at loan worthiness, it is associated with 5C consisting of capital, capacity, collateral, conditions and character, which have so far been used to guide the eligibility of bank loans, for the dominant Indonesian condition is collateral or the size of assets as collateral. But lending through Fintech has considered other elements of C, as traced from its digital footprint, the uniqueness of the idea of a pioneered startup, and other things that can convince lenders.

In the Fintech payment service, what was found at the research location was the large amount of public funds used to fill the balance of the Go-Pay, OVO or DANA applications amounting to tens of millions. As conducted by informants B, C and D who always fill the balance of payment for practical reasons, in this case there are sizable community funds collected by Fintech payment. A very big change in the practice of the financial industry has not been followed by adaptive financial regulations, so that it raises benefits for one party and losses for the other party. These field findings are related to research conducted by Beck *et al.* (2013), Fungacova *et al.* (2014), Chahine & Tannir (2010), Adu & Smith (1995), Liang & Reichert (2012) who all found that the presence of Non-Bank Financial Institutions had a large effect to reform existing regulations. Financial reform is needed to eliminate operational obstacles from non-bank financial institutions. The phenomenon that occurs so far is often loosely regulated, which can pose a negative risk level for finance and the economy in general. An interesting thing applies to the Village Credit Institutions, the regulations contained in the Provincial Regulation of Bali No. 3 of 2017 concerning Village Credit Institutions, and Law of the Republic of Indonesia No. 3 of 2013 concerning Microfinance Institutions. In general, these regulations give privileges to the position of the Village Credit Institution, bearing in mind its association with Balinese customs, and the Village Credit Institution grows and develops in the environment of traditional villages in Bali.

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Conclusion

The conclusion of this study is that the presence of Fintech in the era of disruption in Bali did not affect the community's choice to continue to make the Village Credit Institutions the foundation of its economic activities. Every financial institution has its own market share. While the findings in this study are (1) Fintech and the Village Credit Institution together become the foundation of Balinese economic practices in the era of disruption; (2) The Village Credit Institution in carrying out its operations is shaded by the customary provisions of each village, which regulates sanctions, which can be imposed on customers who do not fulfill their obligations; (3) The Balinese are very proud to be able to contribute to developing Village Credit Institutions by saving or depositing their money; (4) Crowdfunding Fintech has become a form of digital mutual cooperation replacing conventional mutual cooperation which is one of the values embraced by the people of Indonesia; (5) instant culture, practical culture is a value that emerges from the widespread use of Fintech in the era of disruption; (6) Fintech becomes a means of forming social classes in the people who use it. This study also produces recommendations, namely (1) the need for comprehensive and more specific regulatory changes to regulate the practices of non-bank financial institutions in conducting Fintech-based services; (2) Another aspect that is recommended as material for further research is the impact of the legal vacuum on regulations issued by the government, so that it becomes a gap for institutions that apply Fintech to take actions that are detrimental to their customers.

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