

Development Gen Z Entrepreneur Interest Through Fintech Innovation and Mudharabah Contract

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Abstract

Responding to the current development of information and communication technology is very rapid, as evidenced by the contrast in people's dependence on the internet. One example is the current economic sector, which is marked by the growth of an online-based buying and selling system usually called an online business. This study aims to reconstruct a technology-based financing scheme by utilizing FinTech as a platform based on mudharabah contracts. The sample used in this study was three people consisting of IAIN Fattahul Muluk Papuan students and Wirauaha Gen Z in Jayapura. The method used in this research is a qualitative approach method. The results of the study show that in doing business online, there are obstacles faced by business people, namely, minimal capital, difficulty getting an agent as a business partner, difficulty getting a trusted agent, and difficulty communicating with agents.

Keywords: Development, Gen Z, Entrepreneur, Fintech Innovation, Mudharabah

A. Introduction

The development of information and communication technology is very fast, as evidenced by the contrast of people's dependence in use the internet. Although it cannot be denied that technological developments, besides having a negative impact, are due to internet dependence. There are also technological developments that have a positive impact and have advantages in several sectors. The survey results of the Association of Indonesian Internet Service Providers (APJII) and Technopreneur in 2017 prove that the internet cannot be separated from the daily life of the millennial generation. As many (49.52%) of internet users in Indonesia are those aged 19-34 years, in second place are (29.55%) internet users aged 35-54 years, youth aged 13-18 years are in third position with a portion (16.68%), and the last position is parents over 54 years (4.24%) who use the internet.

One example is the current economic sector which is marked by the growth of an online-based buying and selling system or usually called an online business. Online business can be defined as a business activity that part or all of its activities are carried out through the internet. Based on this definition, it can be redefined that online business

(online shop) is a business of buying and selling goods whose superiority does not require a real place to realize it, online shops also do not need real goods on display, this is because most online shop actors bring goods from agent when someone has ordered the item.

The development of online business creates a phenomenon in which this activity is much loved by people from the upper to middle class. But in reality, online business is very popular with young people, with the phenomenon of doing business with online shop businesses, young people take advantage by trying to do business online, they promote goods provided by agents for them to sell with only pictures, smartphones and most importantly an internet network support. In addition to the above supporting facilities, sales skill support and promotions to convince potential buyers to buy the products offered are aspects that should not be missed.

The impact of the influence of online business is not only seen in the western and central regions of Indonesia. However, this phenomenon has also spread to the eastern part of Indonesia, namely Papua, especially the Jayapura area. There are many young people in this area who are entrepreneurship through online businesses; on average, young people who run online businesses are students, and working while studying can help students increase their income.

In addition, quoted from the Kabarpapua.co page, the article entitled "40 percent of package delivery via JNE from the online shop" discusses how many packages are sent by agents to resellers, there are 50 thousand packages sent every month, and 40% of these packages are product shipments. From online shopping, you can imagine that the growth of online shops in this region is very rapid, an indicator that can be measured is through delivery services.

Based on the background described above, it can be concluded that the interest of millennials in online-based business ventures is very high. However, the perceived barriers are also very high in technological advances. For this reason, the authors want to reconstruct a technology-based financing scheme by utilizing FinTech as a platform based on mudharabah contracts.

B. Literature Review

1. FinTech (Financial Technology)

Financial technology/FinTech is an innovation between financial services and technology that has finally changed the business model from traditional to moderate and those who originally had to meet face to face and carry a certain amount of cash can now trade remotely and make payments that can be made in seconds (<https://www.bi.go.id/id/edukasi/Pages/mengenal-Financial-Teknologi.aspx>).

FinTech aims to facilitate public access to financial products, facilitate transactions and also increase financial literacy. Meanwhile, FinTech companies in Indonesia are dominated by startup companies with great potential.

2. Types of FinTech

a. Peer to Peer Lending (P2P)

Peer to peer or P2P is the first type of FinTech in Indonesia. This FinTech offers financial services and loans on the same platform. Simply put, P2P is a financial service that brings together investors and people who need funds. Apart from borrowers, investors also benefit from the interest on loans provided. Several P2P loan companies in Indonesia include Investree and Koin Works (<https://www.cekaja.com/info/jenis-jenis-fintech-di-indonesia>).

b. Risk and Investment Management

This type of function is to monitor financial conditions. It can also be used to carry out financial planning in the form of trading and insurance. Examples of risk management and investment companies are Bareksa, Bibit and Cekpremi (<https://www.cekaja.com/info/jenis-jenis-fintech-di-indonesia>).

c. E-aggregator

An e-aggregator is a platform that can be used to find information and make decisions regarding the financial product to be selected. One example is Cek Aja (<https://www.cekaja.com/info/jenis-jenis-fintech-di-indonesia>).

d. Payment, Clearing and Settlement

This FinTech provides payment services, both those made by banks and Bank Indonesia. Examples of payment, clearing and settlement services are iPaymu and Kartuku (<https://www.cekaja.com/info/jenis-jenis-fintech-di-indonesia>).

3. FinTech benefits

FinTech in the community has many benefits, the first benefit is that FinTech can help new developments in the field of technology startups. This can help expand employment and increase economic growth. This economic growth brings a second benefit, namely an increase in the standard of living of the community. FinTech can reach people who cannot be reached by conventional banking.

Another benefit is increasing the development of Bitcoin applications. Not even having a bank account, Bitcoin users can easily and practically transact. In addition, FinTech can also improve the macro economy. The convenience offered by FinTech can increase e-commerce sales. The final benefit that the general public can enjoy the most is reduced interest on loans. With FinTech transparency, borrowers don't need to be afraid of falling for the high interest of loan sharks (<https://www.finansialku.com/definisi-fintech-adalah/>).

4. Overview of Young Entrepreneurs

Young Entrepreneurs, especially millennials to Gen-Z, have many creative ways to build a business world in Papua, more specifically in the city of Jayapura, many entrepreneurs who start with UMKM get a large turnover which is then able to open jobs for many people. In Jayapura, it is inevitable that big companies, such as companies engaged in retail, to culinary, have competition from local, national to international. Local products, for example UMKM businesses in the Esgepark, there are dozens of shops whose owners are millennial and even gen Z.

This Esgepark is in great demand by visitors because it offers a contemporary feel and many choices of food and drinks in it besides that it is interspersed with live music. Of course, these are young people's creative ideas and ideas that are realized in the business world so that they are able to bring profits to their owners. The role of young entrepreneurs is considered to be able to move the wheels of the economy well considering that currently the average population is dominated by millennials and gen Z so that what these circles need and want is of course something that entrepreneurs must know as marketing targets.

5. Mudharabah

Mudharabah in fiqh is a person handing over capital to the entrepreneur/worker to be cultivated on condition that profits are shared according to the agreement stipulated in the contract. The loss is fully borne by the investor. Mudharib (entrepreneur) in this case will contribute work, time, thoughts and energy in managing the business according to the provisions reached in the contract, namely to obtain business profits which will be shared based on the agreement (Masse, 2010).

There are several provisions stipulated in fiqh relating to the mudharabah system, including the following:

a. Capital

Capital in fiqh discourse is termed "ra'sul maal". The scholars stipulate that the capital must meet the following conditions: first, it consists of circulating or valid currency. Second, Capital must be fully surrendered to the entrepreneur. The capital must be fully surrendered at the time of the contract. Third, the amount and type of capital must be clear (Masse, 2010).

b. Management

In a mudharabah contract, the financier or investor is not allowed to interfere in managing the business management, when the mudharabah contract has been enacted, the mudharib (entrepreneur) has full authority in managing the business, regardless of whether the form of mudharabah is carried out by mutlaqah or muqayaddah. The fuqaha agree that if the financier intervenes in business management, the mudharabah contract will automatically be cancelled (Masse, 2010).

c. Guarantee

Islam recommends that assets not only revolve around certain groups, but must be developed and cultivated in real economic activities. On that basis, the mudharabah contract does not require a guarantee for the amount of capital provided to the entrepreneur (mudharib). The benchmark for guaranteed capital is only honesty, so that mudharabah activities must be accompanied by a high level of honesty from the mudharib (Masse, 2010).

d. Time period

Regarding the limitation of the mudharabah period, it is debated by fiqh experts. Some scholars are of the opinion that the existence of a time limit for the validity of the contract will make the contract void, because this can eliminate the opportunity for the entrepreneur to develop his business, so that it is difficult to achieve maximum profit from the activity. Meanwhile, some others think that it is okay to have an agreement between the financier and the entrepreneur regarding the mudharabah period, with a note that if one party wants to withdraw from the contract, they must first notify the other (Masse, 2010).

e. Profit Ratio

The profit ratio is a typical pillar that exists in a mudharabah contract, this is what distinguishes it from other contracts. This ratio is the portion that will be obtained by each contracting party. The ratio is determined at the beginning and included in the contract. In this process, there may be bargaining and negotiating the distribution of ratios. Negotiations are carried out on the principle of deliberation and between *indin minkum* (mutual pleasure) (Masse, 2010).

6. Mudharabah law

In mu'amalah interactions between one person and another, entering into a mudharabah agreement is permissible (*mubah*). This law is taken from the hadith of the Prophet which was narrated by Ibn Majah from Shuhaib ra Prophet said:

ثلاث فيهن البركة البيع إلى أجل والمقارضة
وخلط البر بالشعير للبيت ولا للبيع

It means:

"There are three things that are blessed: buying and selling suspended, giving capital, and mixing wheat with barley for the family, not for sale."

As for the pillars of mudharah according to Syafi'iyah scholars, there are six pillars of qiradh:

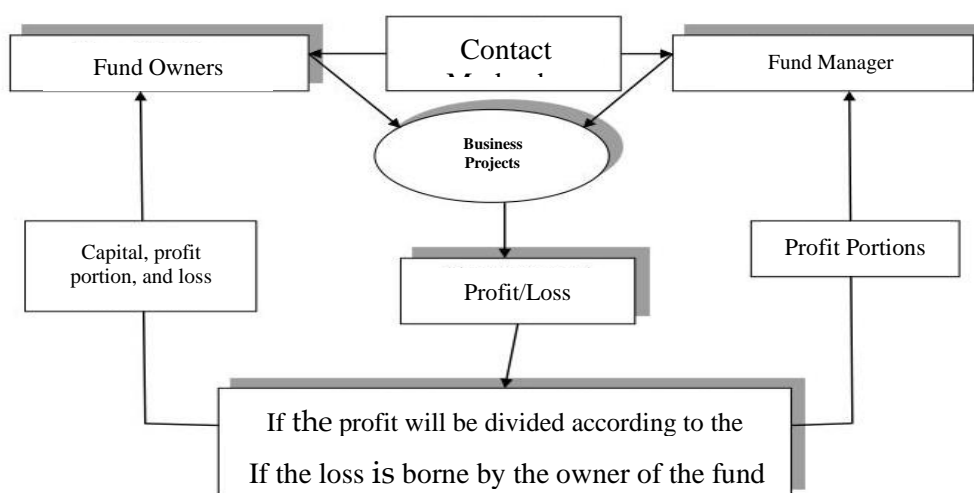
- a. The owner of the goods who surrendered his goods.
- b. People who work, namely the manager of goods received from the owner of the goods.
- c. Aqad mudharabah, carried out by the owner with the manager
- d. Maal, namely principal assets or capital

- e. Charity, namely the field of work (project) management that can generate profits.
- f. Profit.

While the legal requirements for mudharabah are closely related to the pillars of mudharabah. Among the legal conditions are:

- a. The capital or goods surrendered are in the form of cash. If the item is in the form of gold or silver bars, jewelry, etc., then the mudharabah is invalidated.
- b. For the person who performs the contract, it is required that he is able to perform tasharruf, contracts that are carried out by small children, crazy people, and people who are under the authority of other people, the mudharabah contract is invalidated.
- c. Capital must be clear, so that it can be distinguished between venture capital and profits. Because it is these profits/profits that will be shared according to the agreement.
- d. The profit percentage between investors and entrepreneurs must be clear.
- e. Saying consent (for investors) and qabul (for entrepreneurs).

7. Mudharabah Scheme



The practice of mudharabah at the time of the Prophet and his companions was a mudharabah scheme that applied directly between two parties, namely the shahibul mal who had direct contact with the mudharib. Contemporary scholars have made new innovations on mudharabah schemes by adding one more party, namely Islamic

banks. The mudharabah contract is the main contract used by Islamic banks for raising funds (funding) and channeling funds (financing).

Facing the wishes of the mudharib, an investor usually faces two choices in agreeing on a transaction model, namely through Profit and Loss Sharing (PLS) or Revenue Sharing (RS). By using the PLS system, shahibul mal will have all of these needs by agreeing on profit sharing at a certain percentage and realizing the distribution at the end of the contract period. The prohibition of interest in sharia has the consequence of absolute abolition of interest. The PLS theory was built as a new offer outside of the interest system which tends not to reflect justice (injustice/tyranny) because it discriminates against the sharing of risks and profits for economic actors. Profit and loss sharing means that profits and or losses that may arise from economic/business activities are shared.

C. Research Methods

a. Types of research

This type of research is research using a qualitative approach. According to Sugiyono (2016), a qualitative research method is a research method based on the philosophy of postpositivism, used to research on natural object conditions, where the researcher is a key instrument, data collection techniques are carried out by triangulation (combined), data analysis is inductive/qualitative, and the results of qualitative research emphasize meaning rather than generalization.

b. Research Place

This research was conducted in the City of Jayapura, more precisely on the Fattahul Muluk IAIN campus and several business establishments.

c. Population and Research Sample

The population is a generalized area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions. Meanwhile, the sample is part of the number and characteristics possessed by the population (Sugiyono, 2015). In this study, the population used is millennials consisting of IAIN Fattahul Muluk Papuan students and several young people in Jayapura

City who own or run online-based businesses. The research sample to be used as respondents is 3 people.

d. Method of collecting data

1. Data Type

The type of data used in this study is primary data obtained through observation, in-depth interviews and documentation of a number of young entrepreneurs who have online-based businesses in Jayapura City. In addition, this study uses secondary data sources in the form of literature, data and the results of research or studies that have been carried out previously to support the writing of this scientific paper.

2. Data Collection Techniques

a) Observation

The technique of collecting data through observation was carried out using non-participant observation, where the researcher was not directly involved with the daily activities of Papuan women. In this case, the researcher only observed the surrounding environment, the behavior and activities carried out by young entrepreneurs as millennials.

b) Deep interview

In addition to making observations, data collection techniques are also carried out by in-depth interviews. This is done to find problems more openly and to gather complex information, much of which includes personal opinions, attitudes, and experiences from young entrepreneurs as millennials (Ghozali, 2016).

c) Documentation

Meanwhile, the documentation technique used by researchers is in the form of photographs and drawings.

3. Data analysis technique

According to Sugiyono (2016), data analysis techniques in qualitative research are mostly carried out together with data collection. This research began with the first stage, namely entering the field and then conducting in-depth interviews with respondents. After that, the results of the interviews were collected and then reduced.

The second stage or data reduction is carried out by taking information that is in accordance with the research focus and ignoring other information that is not in accordance with the research focus. According to Miles & Huberman in, the third stage in qualitative data analysis is to draw conclusions and verify.

D. Result and Discussion

1. Barriers to Online Business Growth

Of course, the rapid growth of online shops in the Papua region also faces many obstacles for resellers. In this case, young people who are engaged in online business act as resellers, namely someone who supplies goods from agents to potential buyers. The obstacles faced are not only the geographical situation of Papua which is difficult to reach because most of Papua's territory is mountains and valleys. This is an obstacle in the development of online business. However, there are still many obstacles that hinder the growth of young people's entrepreneurial interest in Papua.

a. Minimal Capital

As a young man who wants to start a business and has a background as a student. Of course, it is very difficult to get a capital loan from a bank or other financial institution. Apart from having to have a steady income, students who want to apply for a loan must have items that can be used as collateral. Meanwhile, to start an online business, the goods ordered by the reseller must first be paid to the agent before sending the goods to the reseller.

b. It's hard to get an agent as a business partner

In this case the obstacle in question is the difficulty of finding agents that we want to invite in the online business that we want to build. This is due to the spread of these agents in promoting the goods they sell. Apart from that, the obstacle that makes it difficult for these agents to become online business partners is the limited ability of resellers to find websites or contact persons for these agents.

c. It's hard to find a trusted agent

In addition to capital being an obstacle, getting a trusted agent is also a barrier faced by resellers. Why aren't there a lot of incidents under the guise of fraud by agents against resellers who have transferred the money but the items ordered

have not been delivered either, even these untrustworthy agents block the communication network for resellers.

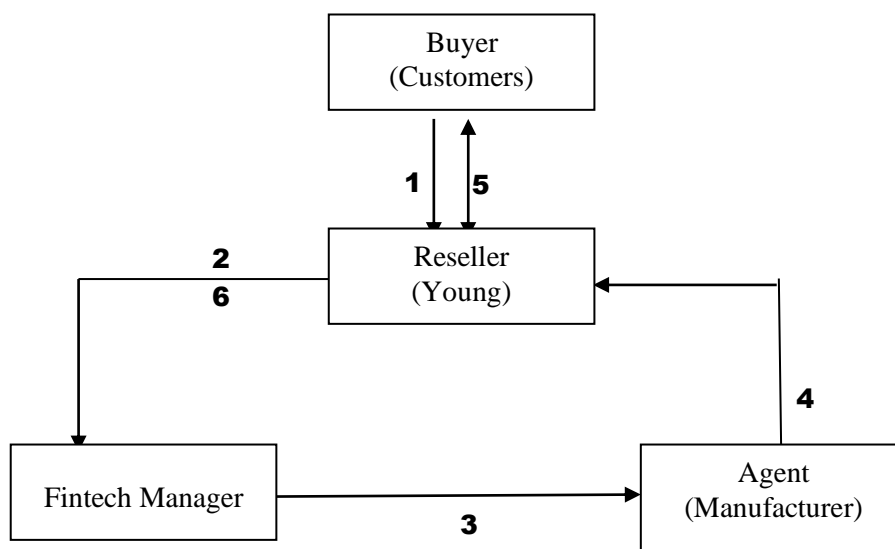
d. Difficult to communicate with agents

Communication is one way of conveying information to someone, this is also an obstacle to the development of online businesses built by young entrepreneurs. Why is that? The reseller wants a fast response from the agent because the information provided by the agent on the goods ordered will be confirmed back to the prospective buyer whether the item he wants is available or not.

2. Forms of FinTech and Mudharabah Innovation

Based on the obstacles faced by young entrepreneurs in Papua in developing their online business, in this case the author creates a simple concept that can be used to overcome the obstacles faced by young entrepreneurs. The concept is as follows:

The simple concept of overcoming obstacles
to online business



Source: Author's Thought

Flow of Thought:

1. Buyers who want to buy goods can order or buy goods from resellers (young entrepreneurs) according to the needs of buyers.
2. Resellers in fulfilling orders and or providing goods to be sold to buyers apply to FinTech managers to obtain financing for these goods.

3. The FinTech manager sends the criteria for the goods order requested by the reseller to the producer and then completes the payment for the order.
4. Producers ship goods to resellers
5. The reseller delivers the ordered goods to the buyer, then the buyer makes payment for the goods.

The reseller who has received the payment results then pays it to the FinTech manager according to the agreed payment benefits. It can be seen that the management is integrated into a system managed by FinTech managers, it can also be seen that the participation and capital financing provided by FinTech managers to resellers to be able to develop their online business ventures. In this case, resellers do not need to prepare sizable capital to run an online business because the capital is financed by the FinTech manager.

Pararesellers those who have joined the system managed by FinTech managers do not need to bother looking for agents as their business partners, this is because in the system managed by FinTech managers there are very many agents who join and vary in the types of products offered to them resellers.

reseller You also don't need to bother looking for a reliable agent, this is because the system managed by the FinTech manager has already verified it based on the requirements criteria set by the FinTech manager and only agents who meet the requirements criteria can market their products on the system managed by the FinTech manager.

The system managed by the FinTech manager can also facilitate the communication of resellers and agents, this is because the communication system is one, meaning that agents and resellers who are already registered in the system managed by the FinTech manager are provided with a communication medium. And for agents to be able to coordinate just one communication medium in serving resellers whose media has been provided by the system managed by FinTech managers.

E. Conclusion

1. The obstacles faced in online business include:

Minimal capital, in general, this is faced by prospective young entrepreneurs, especially students. Difficulties in obtaining money loans at banks and non-bank financial institutions because in order to obtain a loan, it is indicated that you must have a steady income or have goods as collateral. This capital is needed as initial funds to pay off the goods from the agent before being distributed to customers.

The difficulty of getting agents as business partners is also an obstacle faced by prospective young entrepreneurs. This is caused by several factors, namely, it is difficult to find agents who want to cooperate. This is as a result of the spread of agents in promoting the goods they want to sell. Besides that, it is also caused by the difficulty of resellers finding websites or contact persons from agents who want to cooperate.

The difficulty of getting a trusted agent, aside from those mentioned above, the problem of finding a trusted agent is also a serious problem in carrying out cooperative business activities. How not sometimes, resellers have made payments for certain items of goods, but the goods that have been ordered and paid for do not come. Often fraud like this occurs even to the point of closing all communication access by blocking reseller contacts.

It's hard to communicate with agents. This problem is also a serious problem in doing business, because if the agent is not swift in communicating with the reseller, then the service and satisfaction of the reseller can be ensured to get updated information related to cooperation agreements or other transactions carried out, the reseller will also have difficulty sending information to candidates. Buyer.

2. Forms of FinTech and Mudharabah Innovation

Seeing the obstacles faced by young entrepreneurs in starting their business activities, the solution offered is implementing a technology financial system. This system works by the way the buyer chooses the goods that are in accordance with what he wants to buy, then the reseller submits a financing application to the FinTech manager to bail out first. The FinTech party sends the criteria to the producer according to the reseller's request and then completes the payment for the goods the reseller wants, then the producer sends the goods to the reseller and then the reseller delivers the goods to the

buyer. After payment is made by the buyer, then the reseller makes payments to the FinTech manager in accordance with the profit agreement.

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