QUALITATIVE ANALYSIS OF PUBLIC UNDERSTANDING OF FINANCIAL TECHNOLOGY (FINTECH)-BASED INVESTMENT RISKS IN TEMBILAHAN

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Info Article	Abstract
	This study aims to analyze and describe in depth the understanding of the Tembilahan community regarding the risks associated with Financial Technology (Fintech)-based investments. The research method used is qualitative with a descriptive approach, focusing on data collection through in-depth interviews and observations of individuals who serve as research samples. The analysis focuses on the level of public awareness of various types of online investment risks (such as fraud, market volatility, and personal data security), the information sources they use, and the factors that influence their investment decision-making. The results of this study are expected to provide a comprehensive picture of digital financial literacy among the local community and provide valuable input for regulators and Fintech service providers in designing more effective education strategies to improve consumer protection and foster a safer and more informed investment ecosystem.

1. INTRODUCTION
Background Problem

The development of digital technology has brought about significant changes in various sectors of life, including the financial sector. Technological innovation in the financial sector, known as financial technology (fintech), offers solutions to the limitations of conventional financial services by offering easy access, fast transactions, and cost efficiency. Fintech encompasses a wide range of services, including digital payments, peer-to-peer lending, and app-based investments. The presence of fintech is considered capable of increasing financial inclusion and expanding public access to formal financial services [1].

In Indonesia, fintech development has experienced rapid growth along with the increasing use of the internet and digital devices. The Financial Services Authority (OJK, 2023) stated that fintech has a strategic role in supporting national financial inclusion, especially for communities previously unreached by conventional financial institutions. Financial Services. However, despite these conveniences and opportunities, fintech-based investments also carry various risks, such as fraud, technological system failures, misuse of personal data, and potential financial losses due to user misunderstanding [2].

Problems arise when the high public interest in fintech-based investments is not matched by an adequate understanding of the inherent risks. Many people are attracted to investments due to the ease of the process and the promise of high returns, without understanding the legality of the platform, the investment mechanisms, and the potential risks. This situation leaves people vulnerable to becoming victims of illegal investments and fraudulent practices in the name of fintech.

Data from the Financial Services Authority (OJK) and the Investment Alert Task Force shows that many illegal fintech platforms are still operating, causing significant losses to the public. In recent years, the Investment Alert Task Force has routinely discovered and shut down illegal fintech companies that lack official permits from the Financial Services Authority (OJK, 2023). This fact indicates that public awareness of the risks of fintech-based investments remains relatively low, despite the continued increase in the use of digital financial services.

Previous research has generally examined fintech from a quantitative perspective, such as financial literacy, investment interest, and factors influencing investment decisions. However, research that explores public understanding through a qualitative approach, particularly in non-metropolitan areas like Tembilahan, is still relatively limited. Yet, differences in social, economic, and literacy characteristics within these regions can influence how people view and understand fintech investment risks [3].

Therefore, this research is crucial to gain a deeper understanding of the public's understanding of fintech-based investment risks in Tembilahan. The results are expected to serve as a basis for the government, the Financial Services Authority (OJK), and fintech industry players in designing more effective and targeted financial education and consumer protection programs.

Based on the description, the focus of this research is to qualitatively analyze the Tembilahan community's understanding of the risks of financial technology-based investments, including community perceptions, information sources used, and how the community assesses and responds to fintech investment risks.

Formulation of the problem

1. What is the level of understanding of the Tembilahan community regarding the risks of fintech-based investments?
2. How do the Tembilahan community interpret and recognize various forms of fintech investment risks, such as financial risks, data security, and uncertainty of profits?
3. What factors influence the Tembilahan community's understanding of fintech-based investment risks?
4. How do personal experiences, social environment, and cultural context influence people's risk perceptions of fintech investments?
5. How does understanding these risks influence the attitudes and decisions of the Tembilahan community in using fintech-based investment platforms?

Research purposes

This research aims to:
1. To understand the level of understanding of the Tembilahan community regarding the risks of fintech-based investments.

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2. To find out how the Tembilahan community recognizes and interprets various fintech investment risks, including financial risks, data security, and uncertainty of profits.
3. To identify the factors that influence Tembilahan community's understanding of fintech-based investment risks.
4. To analyze the role of personal experience, social environment, and cultural context in shaping the perception of fintech investment risk in the Tembilahan community.
5. To explain the influence of risk understanding on the attitudes and decisions of the Tembilahan community in using fintech-based investment platforms.

2. LITERATURE REVIEW

Public Understanding

Public understanding refers to the level of knowledge, awareness, and how individuals or groups interpret certain information or phenomena. understanding is influenced by education level, experience, and access to information. In the financial context, public understanding is closely related to financial literacy, which determines an individual's ability to make wise financial decisions, including in choosing investment instruments [5].

Investment Risk

Investment risk is the possibility of a deviation between expected returns and the actual returns received by investors. investment risk can include market risk, liquidity risk, credit risk, and operational risk.
Each individual's risk perception varies, depending on their experience, level of financial literacy, and available information. A low risk perception without adequate understanding can lead to errors in investment decision-making

Financial Technology (Fintech)

Financial Technology (Fintech) is an innovation in the financial services sector that utilizes digital technology to improve the efficiency of financial services. Financial technology is a tool that combines finance and technology, encompassing a variety of services designed to improve financial transactions and management (Kang et al., 2016 [6].

The Financial Services Authority (OJK, 2020) states that fintech encompasses a variety of services such as digital payments, online loans, and app-based investments. While fintech offers easy access to investment, it also carries risks such as fraud, data breaches, and a lack of user understanding of the products offered. Therefore, public understanding of fintech investment risks is crucial for maintaining the security and sustainability of the digital financial system.

Public Understanding of Fintech Investment Risks in Tembilahan

Tembilahan, as a region with increasing technological development, demonstrates the potential for growth in the use of fintech services. However, public understanding of the risks of fintech-based investments remains diverse. Social, cultural, and financial literacy factors are key determinants of how Tembilahan residents assess and address digital investment risks. A qualitative approach is needed to explore in depth how people understand the risks of fintech investments based on experience, information from the surrounding environment, and trust in developing financial technology [7].

Qualitative Analysis

Qualitative analysis is a research method that aims to deeply understand social phenomena by collecting data in the form of words, narratives, and meanings from research subjects. This method emphasizes not numbers but rather the individual's processes, perceptions, and interpretations of a phenomenon. In the context of social and economic research, qualitative analysis is used to explore people's views, experiences, and understanding of an issue, including in the fields of finance and investment [4].

Relevant Previous Research

Investment is a current commitment to invest funds with the goal of achieving future profits, subject to a certain level of risk. Every investment decision always carries an element of risk and uncertainty, so investors must be able to understand and consider these risks before making a decision. State that investment is the

sacrifice of current consumption to obtain future benefits, the outcome of which cannot be fully ascertained. This uncertainty is the primary source of risk in investment, including financial technology-based investments. Investments are influenced not only by potential returns but also by investors' perceptions of the risks they face. These perceptions often outweigh rational calculations, especially among retail investors.

Risk was defined by Kahneman and Tversky (1979) through Prospect Theory, which states that individuals tend to be more sensitive to potential losses than to potential gains. In an investment context, investors will be more cautious when the risk is perceived to be high, even when the potential for profit is large.

Risk perception is an individual's subjective assessment of the uncertainty and potential negative consequences of a decision. This risk perception does not always align with the actual risk, as it is influenced by psychological factors, experience, and the information the individual possesses.

Meanwhile, Slovic (1987) emphasized that risk perception is strongly influenced by social and cultural factors, such as trust in technology, collective experience, and the influence of the social environment. This explains why the risk perception of fintech investments can differ between urban communities and those in rural areas like Tembilahan.

Financial technology (fintech) is the use of digital technology to improve the efficiency and quality of financial services. Fintech offers easy access and speed of transactions, but it also brings new risks not previously encountered in conventional financial systems.

Meanwhile, stated that fintech is changing consumer behavior in financial services by providing more flexible and accessible services, but at the same time, it increases operational and data security risks. Therefore, understanding risk is a crucial aspect of fintech adoption, the success of fintech adoption depends heavily on users' levels of trust and perceived risk. If the risk is perceived to be too high, interest in using fintech services, including digital investment, will decline.

Financial literacy is an individual's ability to understand basic financial concepts and use that knowledge in economic decision-making. Low levels of financial literacy often lead to misunderstandings about risks and investment products. The OECD (2018) explains that financial literacy encompasses an understanding of risks, returns, and consumer protection. In the context of fintech, financial literacy becomes even more important because the products offered are complex and technology-based. According to Atkinson and Messy (2012), individuals with good financial literacy tend to have a more balanced perception of risk and are able to make more rational investment decisions[8].

Research Framework

This study uses a descriptive qualitative approach to deeply understand the Tembilahan community's understanding of fintech-based investment risks. This qualitative approach was chosen because it can explore the community's perceptions, experiences, and subjective interpretations of investment risks.

The research object is understanding fintech investment risks, while the research subjects are Tembilahan residents who have or are currently using fintech investment platforms, such as digital mutual funds, P2P lending, and online stock investment. The research focuses on understanding risk, risk perception, and the factors that influence it.

Risk perception is influenced by financial literacy, investment experience, social environment, trust in technology and fintech platforms, and the sociocultural context of society. Risk perception is subjective and formed through an individual's experiences and information. This understanding and perception of risk then influences people's attitudes and decisions in using or avoiding fintech investments, as well as how they manage investment risks[9].

Figure 1. Research Framework.

Source: Processed by Researchers, 2025

Research Proposition
1. Financial literacy influences the Tembilahan community's understanding of fintech-based investment risks.The better the financial literacy of the public, the better their understanding of the risks of fintech investments.
2. Personal experience influences the perception of fintech-based investment risk in the Tembilahan community. The experience of profits and losses in using fintech investments shapes the way people assess and interpret risk.
3. The social environment influences the Tembilahan community's understanding of fintech investment risks. Information and experiences shared by family, friends and communities influence community risk perception and understanding.
4. Trust in fintech platforms influences the perception of fintech investment risk. The higher the level of public trust in the security and legality of fintech, the lower the perceived risk.
5. Understanding and perception of fintech investment risks influence the attitudes and investment decisions of the Tembilahan community. A good understanding of risk encourages people to be more careful and rational in making investment decisions.

3. RESEARCH METHODS
Research Approach
This research uses a descriptive qualitative approach. This approach was chosen to deeply understand the Tembilahan community's understanding of the risks of financial technology (Fintech)-based investments. Qualitative research allows researchers to explore the community's perceptions, experiences, and perspectives holistically without relying solely on numbers or statistics.

Location and Time of Research
1. Location: Tembilahan City, Riau Province, Indonesia, because this area shows the development of Fintech service usage among the community.
2. Research Time: Conducted for 2–3 months, starting from the data collection stage to analysis.

Subjects and Objects of Research
1. Research Object: Public understanding of Fintech investment risks, including risk perception, experience, and attitudes in facing digital investment risks.
2. Research Subjects: Tembilahan community who actively use Fintech services, selected using purposive sampling technique, namely the selection of informants based on criteria of relevance to the research topic.

Data Collection Techniques
Data was collected using a combination of methods to obtain in-depth information:
1. In-depth Interview: Exploring the public's views, experiences, and understanding of Fintech-based investment risks.
2. Observation: Observing people's behavior when using Fintech services and their interactions with digital investment platforms.
3. Documentation: Collecting supporting data in the form of literature, official reports, articles, or documents related to Fintech used by the public.

Data Analysis Techniques
The data was analyzed using the following stages of qualitative analysis:
1. Data Reduction: Filtering, summarizing, and selecting important information from the results of interviews, observations, and documentation.
2. Data Presentation: Organizing data systematically so that it is easy to understand, for example in the form of narratives, tables, or diagrams.

3. Conclusion Drawing: Drawing meaning from the collected data, identifying patterns, and explaining public perceptions of Fintech investment risks.

Data Validity and Validity
To maintain validity, this study uses several strategies:
1. Triangulation: Combining data from interviews, observations, and documentation.
2. Rechecking (Member Checking): Requesting confirmation from the informant regarding the interpretation of the data obtained.
3. Audit Trail: Records every data collection and analysis process to make it transparent and traceable.

Research Ethics
This research pays attention to ethical principles:
1. Informants were given consent before being interviewed.
2. Personal data is kept confidential.
3. Researchers are objective and do not force their views on informants.

4. RESULTS AND DISCUSSION
Result
This study aims to understand how the Tembilahan community interprets and faces the risks of fintech-based investment. Data were obtained through in-depth interviews and observations of the experiences and perspectives of informants who are users or have used fintech investment platforms.

Public Understanding of Fintech Investment Risks
Research shows that the Tembilahan community's understanding of fintech investment risks varies. Some informants limited their understanding of investment risks to the possibility of financial loss or a decline in investment value. However, understanding of other risks, such as personal data security, the risk of default in P2P lending, and platform system risks, remains relatively limited.

Several informants admitted to becoming aware of risks after experiencing or hearing about negative experiences from others. This suggests that understanding of risk isn't always formed from formal knowledge, but rather from direct experience and stories shared in social settings.

Fintech Investment Risk Perception
Public risk perception tends to be subjective and influenced by the level of trust in the fintech platform used (Pavlou, 2003). Informants who use popular fintech applications registered with the Financial Services Authority (OJK) tend to perceive lower risk than those who use lesser-known platforms.

Furthermore, the app's ease of use and the advertised benefits also influence risk perception. Several informants stated that the app's simple interface and profit claims made them feel fintech investments were relatively safe, even though they didn't fully understand the risk mechanisms.

Factors Influencing Risk Understanding
The research found several main factors that influence public understanding of fintech investment risks, namely:
1. Financial literacy, where informants with better financial understanding tend to be more aware of various types of risks.
2. Personal experiences, both profit and loss experiences, shape a more cautious attitude in investing.
3. The social environment, such as recommendations from friends, family, or community, is very influential in shaping beliefs and risk perceptions.
4. Socio-cultural context, where the Tembilahan community tends to rely on information from their closest social circles rather than formal sources.

The Impact of Risk Understanding on Investment Behavior
People's understanding of risk directly impacts their investment behavior. Informants with a better understanding of risk tend to allocate limited investment funds, choose legal and trusted platforms, and are less tempted by promises of high returns (OJK, 2019). Conversely, informants with a lower understanding of risk tend to be more speculative and less consider risk protection aspects[10].

Discussion

The results of this study indicate that public risk perception plays a significant role in fintech-based investment decision-making. This finding aligns with the concept of risk perception, which states that an individual's assessment of uncertainty and potential loss will influence their attitudes and investment decisions. The results of this study also indicate that negative experiences or information about investment losses encourage people to be more cautious when using fintech investment services. This finding aligns with Prospect Theory, which explains that individuals tend to be more sensitive to losses than to equivalent gains in the decision-making process.

In addition, the results of this study show that the level of financial literacy influence public understanding of fintech investment risks. This finding aligns with the concept of financial literacy, which states that individuals with better financial understanding tend to be able to evaluate risks and make more rational investment decisions.

In the context of the Tembilahan community, this study shows that social and cultural factors play a significant role in shaping the understanding of fintech investment risks. This finding aligns with the diffusion of innovation theory, which states that the adoption process of an innovation is heavily influenced by interpersonal communication and trust within the community's social environment [11].

5. CONCLUSION

Based on the research results, it can be concluded that the Tembilahan community's understanding of fintech-based investment risks is still uneven and tends to be limited to the risk of financial loss. Community risk perception is strongly influenced by financial literacy, personal experience, social influences, and the level of trust in the fintech platform used. This understanding of risk influences community attitudes and investment decisions, with individuals with a better understanding tending to be more cautious and selective. This research shows that understanding of fintech investment risks is shaped not only by formal knowledge but also by the experiences and sociocultural context of the local community.

6. SUGGESTION

1. The Tembilahan community is expected to improve their financial literacy and understanding of fintech investment risks by more actively seeking information from official sources and not relying solely on recommendations from their local community. Caution and risk awareness need to be enhanced before making investment decisions.
2. Fintech investment service providers are expected to increase transparency in information regarding investment risks, data security, and user protection mechanisms. Simple, easy-to-understand education tailored to the characteristics of local communities needs to be expanded.
3. The government and regulatory agencies are expected to strengthen community-based financial literacy education programs, particularly in areas like Tembilahan. Supervision of fintech platforms also needs to be continuously improved to protect the public from potential losses.
4. Further research is recommended to combine qualitative and quantitative approaches to obtain a more comprehensive picture of fintech investment risk perception. Furthermore, research can be expanded to other regions to compare the characteristics of risk perception in different regions.

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