Developing Islamic crowdfunding website platform for startup companies in Indonesia

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Abstract

Purpose – This study aims to develop an Islamic crowdfunding model based on a website platform for startup companies.

Design/methodology/approach – Apart from reviewing related literature, specifically focus group discussion with 16 CEO of startup companies, in-depth interview with two crowdfunding provider, Fiqh expert and technology platform expert for the development of an Islamic crowdfunding website platform for startup companies.

Findings – The concept of Islamic crowdfunding is recommended as a funding solution for small and medium-sized enterprises and startup companies. Therefore, it was deemed crucial for this study to develop an Islamic crowdfunding model based on a website platform as a form of innovative acceleration to provide alternative funding for a startup company, which subsequently expands to a growing and sustainable business. Furthermore, the use of a website platform for the operation of a crowdfunding mechanism is deemed as an effective means to link cross-geographical investors with the startup company owners in Indonesia, specifically East Java.

Practical implications – Islamic crowdfunding website platform can be the solution for startup companies to obtain capital funds while startup companies are not able to provide collateral to attain financial assistance and experience problems. Expectedly, the government should provide legality, regulation, licensing and socialization matters pertaining to crowdfunding to obtain legal legality from the country.

Originality/value – There is still no research to develop the Islamic crowdfunding model using a website platform. This study was expected to provide essential insights on the effective development of an Islamic crowdfunding website platform integrated with startup companies, investors and Sharia committee.

Keywords Crowdfunding, Startup, Startup companies, Islamic crowdfunding, Website platform

Paper type Research paper

1. Introduction

The term “startup” is closely related to technology given the emerging widespread use of technology in various businesses where technology-based startup companies are predominantly businesses that operate through websites, games or online transactions. Nevertheless, startup companies are not necessarily technology-based businesses. A startup company operates less than three years; has less than 20 employees; and earns less than US $100,000 annually (Dewi, 2017). Following the recent rapid growth of various startup businesses, Indonesia has gained an increasingly favorable impression from global

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investors as a country with digital economic potential. Referring to the quarterly investment report of the second quarter of 2016, 28 startup companies in Indonesia received investments of Rp2.09tn. A stable increase of more than 100 per cent was demonstrated for every quarter with e-commerce as the most popular startup sector and marketplace by global investors global (Pratomo, 2016).

The development of startup companies in Indonesia and the role of financing mechanisms is inseparable. The limited banking support for micro-, small-sized and startup businesses due to the risks involved and less supported by the empowerment of collateral have created a relatively large gap between these businesses and the established large businesses. This large gap introduces various investment mechanisms that are beyond the conventional investment and financing support from banks (Marzban *et al.*, 2014; Andaleeb and Mishra, 2016). In most cases, startup companies resort to implementing bootstrapping techniques to raise their capital and mitigate their financial manacles by boosting their short-term profits (Winborg and Landström, 2001). Securing financial support at the initial stage of a micro- or small-sized business ventures is a common challenge for entrepreneurs despite the excellent business ideas or projects they have (Cosh *et al.*, 2009). Fledgling businesses and startup companies often encounter significant challenges of securing capital from conventional sources, such as bank loan, venture capital (VC) or angel funds. Unfortunately, numerous startup companies are not able to provide collateral to attain financial assistance and experience problems of attracting investors due to the insufficient cash flow and the presence of significant information asymmetry with investors (Hendratmi *et al.*, 2019). Therefore, the search for alternative funding sources has become increasingly common over recent years.

There are emerging markets equal tremendous innovation, incredibly creative entrepreneurs and a vast array of business ideas for potential startups. Funds to start a business in these economies are hard to find due to a variety of factors such as a certain lack of awareness from potential investors – both public and private. Here are four alternative ways to bank loans and VC to fund startups in emerging markets and foster a functioning entrepreneurial ecosystem:

- angel investor;
- family or friends financing;
- crowdfunding; and
- peer to peer (P2P) lending (Gabella, 2017).

Financial technology (FinTech) is an emerging element that has enormous spread in Indonesia. FinTech refers to use technology to provide financial solutions (Arner *et al.*, 2015). Specifically, FinTech defined as an application digital technology for financial intermediation problems (Aaron *et al.*, 2017). In broader understanding, FinTech defined as an industry that consists of companies who uses FinTech system and delivery financial services more efficiently (InfoDev, 2013). Fintech activities in financial services can be clarified into five categories, as follows: payments, transfers, clearing and settlement. This activity is closely related to mobile payments (either by banks or non-bank financial institutions), electronic wallets (digital wallets), digital currencies (digital currencies) and the use of distributed ledger technology (DLT) for infrastructure payment. The most common Fintech innovations in this field are crowdfunding and online P2P lending platforms, digital currencies and DLT (He *et al.*, 2017).

Crowdfunding is a funding model that provides funding support from individual investors or a pool of investors to business owners of various new business ventures or social and cultural projects for their business operation to achieve their business goals and attain profits (Mollick, 2014). The crowdfunding mechanism has recently gained growing interest among the micro-, small-sized and medium-sized enterprises (MSMEs). Despite that, only a few startup companies depend on crowdfunding for their initial business development; most of the startup companies depend on bootstrapping techniques and business incubator institution or business accelerators institution as they do not have access to personal investors. There are some claim that the use of crowdfunding may be a new form of entrepreneurial bootstrapping used by innovative resource-constrained startups (Bellavitis *et al.*, 2017). According to the pre-research with CEO Kapital Boost Singapore and Ternaknesia Indonesia, the startup businesses used crowdfunding fund dealing with how companies fund sustainability investments. Companies use the strategies of priority:

- operating cash flow;
- employee investment; and
- business development.

However, the crowdfunding mechanism poses certain problems that are typically related to the disclosure of confidential information. As a result, the investors have relatively low trust because startup business owners are generally young, investors perceive them as less experienced with a less well-established business mentality. According to (Caldbeck, 2013), technology-based startup businesses, especially those that operate through application and technology-based are considered to have a high level of fraud risk with a low check and balance mechanism, which explains the reluctance of investors to support their business through crowdfunding. It is a significant oversight from the perspectives of strategic information systems, as prior studies highlighted the limitation of crowdsourcing technologies in terms of values when diverging groups of individuals and organizations are not considered (Majchrzak and Malhotra, 2013; Stol and Fitzgerald, 2014).

Meanwhile, Islamic finance and Sharia-based businesses are introduced as part of the investment mechanism in the form of Islamic crowdfunding. The Islamic crowdfunding platform is a Sharia-based crowdfunding mechanism that funds halal projects and products that are permissible in Islam. Apart from projects and products, the funding must also be religiously lawful. The concept of Islamic crowdfunding is introduced as a solution for startup companies that seek funding, apart from banking (Marzban *et al.*, 2014). Islamic crowdfunding are still in the beginning of its development. There are not more than 10 platforms of Islamic crowdfunding in the world, next Islamic crowdfunding can potentially become the next financial innovation in the Islamic finance industry (Achsien and Purnamasari, 2016). In view of the above, the development of an Islamic crowdfunding model based on the website platform was deemed as a pivotal step for startup companies in Indonesia, which was explored in this study.

2. Theoretical background

2.1 Crowdfunding

Crowdfunding as the act of business owners or a group of cultural, social or for-profit ventures to acquire a reasonably small amount of contributions from a large group of individuals online without the involvement of conventional financial intermediaries. It is a financial innovation that uses technology to facilitate donations and as one of the traditional financing solutions such as banks and cooperatives in general (Mollick, 2014). Crowdfunding is a technology-based innovation that facilitates the financing support from private investors to micro-businesses and startup facilities. This form of disintermediated finance is particularly suitable for entrepreneurial ventures in the initial development stage (Cumming and Vismara, 2017) where the entrepreneurs encounter problems of attracting intermediated finance support, such as VC or bank lending, as their ventures are likely to be inadequately formed at this point (Brown *et al.*, 2018). Basically, crowdfunding can be viewed as a new form of entrepreneurial bootstrapping technique for innovative resource-constrained startup businesses (Bellavitis *et al.*, 2017).

Crowdfunding web-based platform is known as a process of collection of funds (in a small amount) from many donors or investors by using a web-based platform for a specified project, business venture or for the social cause. Crowdfunding can be divided into four types, namely, donation crowdfunding, reward crowdfunding, lending crowdfunding and equity crowdfunding (Thaker, 2018). Crowdfunding is very much a collaborative endeavor linking investor, entrepreneur and platform as agents. Platforms which are the online community that links investors with entrepreneurs globally (Achsien and Purnamasari, 2016).

2.2 Islamic crowdfunding model

Islamic crowdfunding designed to comply with Sharia principles. Islamic crowdfunding described as the use of small amounts of money, obtained from a large number of individuals or organizations, to fund a project, a business or personal loan, and other needs through an online web-based platform in accordance with Sharia principles (Achsien and Purnamasari, 2016). The requirements of Shariah-compliant crowdfunding framework involve:

- project initiators (e.g. individuals, organizations and businesses);
- potential funders (PF);
- crowdfunding operators (CFO); and
- the board of Sharia (Marzban *et al.*, 2014).

The role of the board of Sharia is highly imperative and necessary to identify Islamic or halal projects or products that are offered by the CFO to the PF (Wahjono *et al.*, 2015).

Existing Islamic crowdfunding model have proposed by; (Wahjono *et al.*, 2015) Islamic-based crowdfunding pointed for project and products, which being offered is halal and permitted by Islam. Determining halal of a project or products is necessary to establish by Sharia Supervisory Board; (Abdullah and Oseni, 2017) proposed potential Shariah-compliant equity crowdfunding model, based on *Mudarabah* equity crowdfunding model for halal small and medium-sized enterprises, the model provides information to the SME and halal firms on source of financing that conforms to Shariah and provides a common platform for investors with certain social cause.

2.3 Startup companies in Indonesia

The startup is a partnership company or temporary organization designed to search for a repeatable and scalable business model (Blank, 2010). A particular typical startup company, during early stages startup companies must use external financing for the innovative project implementation, considered with strong growth potential although highly risked (Mustapha and Tlaty, 2018). According to the data, the Indonesia startup 2018 was published by the community of creative industry, information and communication technology Indonesia [(Masyarakat Industri Kreatif Teknologi Informasi Komunikasi) or (Indonesia Digital Creative Industry Community)], currently there are 992 verified startups. E-commerce startups amounted to 35.48 per cent and others 53.63 per cent came from animation, Internet of things, virtual and augmented reality and software house categories. Of the 992 startups in Indonesia, 20.87 per cent were established in 2007-2012, 60.89 per cent were established in 2013-2018 and others 18.25 per cent of years of the establishment were unknown.

2.4 Development of financial technologies in Indonesia

Based on the 2nd Asia Pacific regional alternate finance industry report-cultivating growth (CCAF and ACFS, 2017) it is known that throughout 2016 in Indonesia nine types. Of the nine types of models, six of them were introduced in 2016 and three other models have been available since 2013 even Indonesia is said to be one of the countries in the Asia Pacific region with the highest market growth rate in Fintech services.

Indonesia is recognized as one of the countries in the Asia Pacific region with the highest market growth rate in FinTech services (CCAF and ACFS, 2017). Accordingly, there are nine types of online financing models available in Indonesia. As revealed in Table I, three of these models were introduced back in 2013 and six other models were only introduced later in 2016 (Figure 1).

3. Methodology

3.1 Research design

This study used a qualitative approach to obtain in-depth insights on the phenomenon of interest (Yin, 2014). Accordingly, a qualitative research has an unstructured framework that adopts an exploratory method to enhance the understanding of the phenomenon under study from a small group of informants (Malholtra, 1996).

3.2 Data collection

This study, conducted focus group discussions (FGD), in-depth interview and field study. The informants were selected using the snowball sampling strategy. In particular, this study used both secondary data and primary data (Yin, 2014). Secondary data as the data that are obtained from various existing sources, such as the Bureau Central Statistics Agency, the Ministry of Cooperatives and MSMEs, books, reports, journals and other publications. Meanwhile, the primary data refer to the data that are obtained directly from the sources through the interview. There are informant were selected, consist of: 16 CEO startup company, 2 CEO crowdfunding provider, Kapital Boost and Ternaknesia, Fiqh expert and website expert.

No.	Model	2013	2014	2015	2016
1	P2P (market place) business lending	✓	✓	✓	✓
2	P2P (market place) consumer lending				✓
3	P2P (market place) real estate lending				✓
4	Donation-based crowdfunding	✓	✓	✓	✓
5	Equity-based crowdfunding				✓
6	Reward-based crowdfunding	✓	✓	✓	✓
7	Revenue sharing or profit sharing crowdfunding				✓
8	Debentures (debt-based securities)				✓
9	Balanced sheet consumer lending				✓

Source: CCAF and ACFS (2017)

Table I. Types of online financing models in Indonesia

3.3 Data analysis
After the data collection, the obtained data were analyzed using the following data analysis techniques, namely, descriptive analysis and categorical analysis. For descriptive analysis, the compiled data in the forms of words or images are analyzed to provide a numerical description of the phenomenon under study (Yin, 2014). In addition, the obtained data are likely to be the key to what is studied. Meanwhile, the categorical analysis identifies relevant concepts in the obtained data and groups them into specific categories (open coding). In particular, the method used in this study was the first-order category method (Miles *et al.*, 2013; Strauss and Corbin, 1998). The first-order category method is simpler for the identification of emerging categories using various permitted references (Gioia *et al.*, 2010). The categorized data were then subjected to axial coding to determine the relationship between the categories for higher-order discussion (Strauss and Corbin, 1998).

4. Results and discussion
4.1 Focus group discussions and in-depth interview result
The obtained results of FGD and in-depth interview, which revealed the challenges and opportunities of Islamic crowdfunding for startup companies and potential investors, were tabulated in the following Table II.

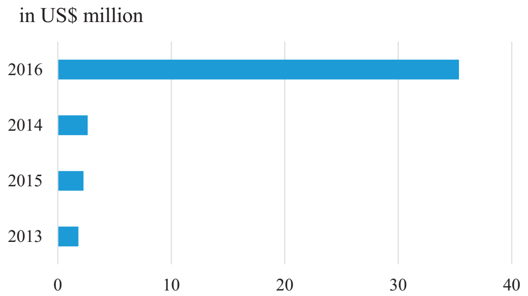
4.2 Aspects of Islamic crowdfunding
The obtained results of FGD, in-depth interview and secondary data revealed six operational aspects of the Islamic crowdfunding mechanism. Firstly, the operation of Islamic crowdfunding involves three key roles, specific:

(1) an intermediary company that facilitates the needs of investors and the startup company;
(2) an investment manager who facilitates the needs of investors; and
(3) investors who participate in meeting the needs of startup funds.

Secondly, the operation of Islamic crowdfunding uses the *syirka* contract (cooperation) with respect to the *mudharabah* and *musyarakah* agreements to raise the funds from investors.

4.2.1 Legal aspects of Islamic crowdfunding

- *Pursuant* to the Financial Services Authority Regulation (OJK) Number 77/POJK.01/2016 on the information technology-based lending and borrowing services.



Source: (CCAF and ACFS, 2017)

Figure 1.
Market size of FinTech in Indonesia

Informant	Output
16 CEO startup company	Financing needs that are expected to support the needs of the startup company from its initial development; the relatively lengthy process of arranging legal certificates; lack of specifications of the whole market for startup products; lack of literation about FinTech; lack of literation about Sharia; and lack of knowledge of market validation and business validation to attract potential investors
CEO of crowdfunding provider: Kapital Boost, Singapore	The contract used by *murabahah*, the risks faced by the contract used are a delivery risk, operations and payment compliance. The potential is based on the need for high startup funding; the startup should first conduct: market validation, have high traction, as base recognized and trust by potential investors; the proportion (*nisbah*) of funding, sharing is determined based on an agreement between the crowdfunding provider and the startup company. Meanwhile, the funding period is determined based on the risk profile of a startup company, particularly on the eligibility of the startup company for funding; *aqad qard* and *wakalah* schemes can be used as an alternative scheme. The *wakalah* scheme can be considered as an option when the startup company has an excellent business record and use for buying assets; and the implementation of a campaign program for the listed startup company is a crucial step to create awareness and interest of potential investors
CEO of crowdfunding provider: Ternaknesia Farm Innovation, Indonesia	The contract used by the user is the risk faced for business activities are sourced from the user. The potential is based on community investment awareness; not all user funding has the capability to prepare a feasible financial report as a medium for evaluating; and facts there many potential moral hazards conducted by the business owner (startup company) that is being financed by crowdfunding provider
Fiqh expert and national Sharia council Indonesian Ulema Council, East Java	*Aqad qard* and *wakalah* schemes can be used as an alternative scheme. The *wakalah* scheme can be considered as an option when the startup company has an excellent business record and use for buying assets; and there are contracts with a fixed profit-sharing attribute, namely, *murabahah*, *salam*, *istisna*' and *ijarah* contracts. Besides that, there are the variable profit-sharing characteristics–an agreement to share the profits according to a specific percentage (volatile profit distribution) profit sharing mechanism as basic in Islamic crowdfunding similar with equity-based crowdfunding
Technology platform expert, CEO of the upward project	The technical requirements for new platforms, namely, Visual Basic Scripting, domain and developer (back-end and front-end) deciding on the features according to the demands of users is the most challenging technical activity. At least four technician teams are required

Table II.
Focus group discussion and in-depth interview result

- The regulations on the compliance of the information technology-based financing services with the Sharia principles are found in the National Sharia Council of the Indonesian Ulema Council (MUI) Fatwa Number 117/DSN-MUI/II/2018.
- According to the National Sharia Council Fatwa of the Indonesian Ulema Council (DSN) Number 117/DSN-MUI/II/2018, the information technology-based financing services are permitted under specific conditions in accordance with the Sharia principles.

4.2.2 Sharia aspects of Islamic crowdfunding. The concept of crowdfunding is generally similar to the concept of mutual funds (collective investment contracts). The Islamic crowdfunding mechanism using the *wakalah* contract scheme serves a specific purpose and functions that are similar to the concept of Sharia mutual funds. Legally, the Islamic crowdfunding activities are under the authority of the OJK. In other words, the functions of crowdfunding lead to investment matters that are in line with Sharia principles provided that the legal authority supervises the operation of crowdfunding. Accordingly, the investment activities of Islamic crowdfunding involve several aspects with respect to the Sharia principles:

- The *qard* contract cannot be used in an Islamic crowdfunding mechanism because the provision in the *qard* contract does not allow the slightest benefit and form any form in the management process, whereas if the Islamic crowdfunding is an investment it requires taking advantage of the management process as the goal of the investment.
- The *hiwalah* contract cannot be used in an Islamic crowdfunding mechanism because the *hiwalah* contract is *tabarru*' (help or non-profit).
- A contract that can be used in an Islamic crowdfunding mechanism (that is of an investment nature) includes *syirka* contract (cooperation), *akad ba'i* (sale and purchase), *ijarah* contract (rent or wage) and *wakalah* (representative) contract. With Sharia principles related to the contract, it is based on the DSN-MUI principle.

4.2.3 Operational aspects of Islamic crowdfunding. Additionally, the operation of Islamic crowdfunding channels the obtained funds from investors to the startup company to realize the business project. A collective investment contract is a legal umbrella used as the basis for this stage activity.

Following the completion of the business project by the startup company within the agreed time, the profits are shared between the startup company and investors based on specific characteristics. Firstly, the characteristics of a permanent distribution of dependents – an agreement to divide the profits according to the fixed nominal quantities is made at the beginning of a collective investment contract. In this case, there are contracts with a fixed profit-sharing attribute, namely, *murabahah*, *salam*, *istisna*' and *ijarah* contracts. Besides that, there are the variable profit-sharing characteristics – an agreement to share the profits according to a specific percentage (volatile profit distribution). *Mudharabah* and *musyarakah* agreements are some of the contracts with a permanent profit-sharing attribute in this case.

Adding to that the operation of Islamic crowdfunding involves specific income characteristics to avoid the nature of usury, specific income with fixed or nominal characteristics and income with variable or fluctuating characteristics. The income with fixed characteristics should not be based on the income sources that have fluctuating characteristics. On the other hand, the income with variable characteristics should not be based on the income sources that have nominal characteristics.

Both cases mentioned above should be avoided in the operation of Islamic crowdfunding given their unbalanced and unfair elemental to either party involved. Hence, the role of the Sharia Supervisory Board is involved in the operation of Islamic crowdfunding to minimize the existence of defaults through the introduction of a stimulus as the underlying basis of the Islamic crowdfunding mechanism.

4.2.4 Risk aspects of Islamic crowdfunding. The obtained results of FGD and in-depth interview revealed six risk aspects of Islamic crowdfunding, namely:

(1) technology risk;
(2) market risk;
(3) investment project risk or operational risk;
(4) investor risk;
(5) Sharia compliance risk; and
(6) entrepreneurial (startup companies) risk.

Firstly, in the case of technology risk, the crowdfunding provider may encounter the possibility of experiencing material or non-material losses. The occurrence of web error or bug causes users to have difficulty in accessing the website or online application. Secondly, the capital consideration may cause market risk, which should be considered by the crowdfunding provider. As for the case of investment project risk or operational risk, it is closely related to the risk identification of a startup company. The possible risks of investment projects include the risks of natural disasters, outbreaks, farmer management failure (e.g. the risk of recording errors) and oversight.

Meanwhile, investor risk is also present due to the possibility of unlawful cases of money laundering through the crowdfunding platform. Furthermore, most FinTechs are not supervised by Indonesia OJK. Besides that Sharia compliance risk is likely to occur, especially when fund management and recording are concerned. In addition, the identification of Sharia compliance risk arises when there is no Sharia Supervisory Board to oversee and enter the ranks of the organization. Communication with the Board of Sharia usually still in the nature of consultation with external parties. Theme based on the identified risks, an assessment of the level of likelihood and impact and the level of risk resulting and impact is carried out. Sixth, entrepreneur risks (startup company risk). Startups of all shapes and sizes are extremely vulnerable to many types of risks from the insurable to the not so insurable. Many startups are subject to a quick and short-lived tenure. There are several startup business risks:

- *capability risk*: the risk that the startup is unable to scale its capability on a timely basis and at the levels required;
- *design risk*: the risk that the product or service design does not meet the required performance standard; and
- *team risks, talent risk*: the risk of hiring the wrong team members; and the risk of losing good team members. These impacts of these risks to the business are highest during the early stages of the company when it is dependent on a small core team; risk of loss and legal liabilities resulting from inadequate or failed internal processes, fraud and human error in processing transactions.

4.3 Framework of Islamic crowdfunding website platform

The startup companies typically acquire funding through the crowdfunding platform to support their financial and non-financial (managerial) aspects of their business development. From the financial perspectives, the startup company is able to demonstrate better financial performance after obtaining the necessary funding through the Islamic crowdfunding platform. The performance of startup companies in terms of liquidity can also be improved following the increase of company assets through an asset purchase scheme. Meanwhile, from the non-financial (managerial) perspectives, a startup company is more transparent and accountable in their financial reporting because they are obligated to periodically deliver business financial reports to the crowdfunding companies and investors after receiving their funding. In addition, the startup company is able to recruit more employees and increase their business scale through the crowdfunding mechanism.

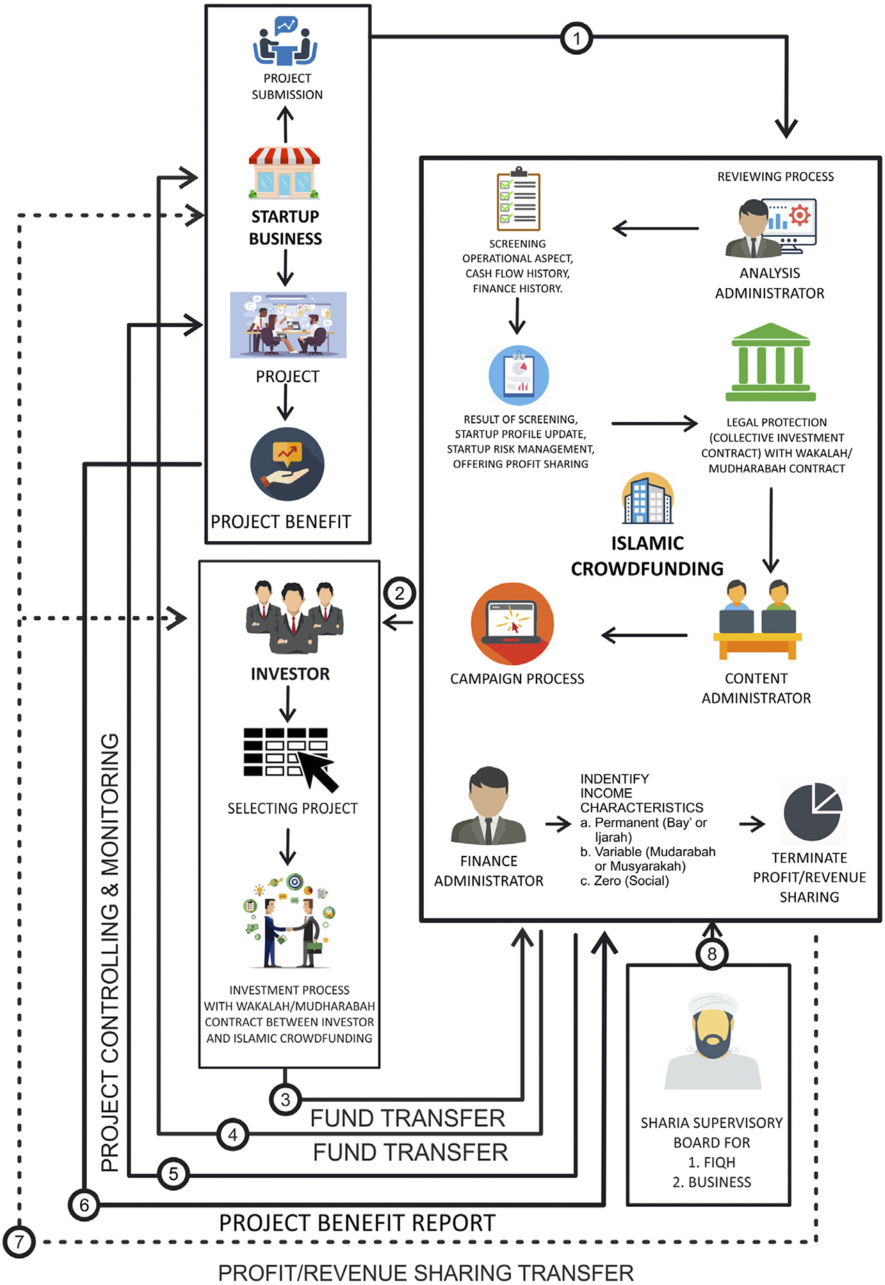
Figure 2 presents the framework of the Islamic crowdfunding website platform for startup companies and the important elements of Islamic crowdfunding mechanism. In this study, the framework of the Islamic crowdfunding website platform for startup companies was used as the underlying basis to describe the behavior of the developed website platform system and the interaction between one or more actors and the developed system and to explain the functions of the developed system from the perspectives of the users.

5. Conclusion

A startup company is able to demonstrate better financial performance after obtaining the necessary funding through the Islamic crowdfunding platform. The performance of startup companies in terms of liquidity can also be improved following the increase of company assets through an asset purchase scheme. Islamic crowdfunding allowed potential investor across geographic with technological leap had provided the means to create funding viable through reducing the cost of transactions by taking advantage of the online aspects, service provider platform it acts as intermediaries in managing data and the amount transferred. Platforms, which are the online community that links potential investors to start up that interest use crowdfunding Islamic based globally.

The framework of the Islamic crowdfunding website platform for startup companies was used as the underlying basis to describe the behavior of the developed website platform system and the interaction among all key stakeholders: startup company, potential investor, sharia supervisory board and crowdfunding provider. The operation of Islamic crowdfunding uses the *syirka* contract (cooperation) with respect to the *mudharabah* and *musyarakah* agreements to raise the funds from investors. Policymakers and regulators should focus on the growth of this segment, which has the potential number of startup company that will be developing a company or unicorn company. The proposed framework is the integrative framework that consists of all aspects: legal aspects, sharia aspects, operational aspect and risk aspects that linked potential investors, startup companies and Islamic crowdfunding provider in Indonesia. During the rapidly growing market of Islamic finance in Indonesia, Islamic crowdfunding website platform based needed to be formed, which should be user-friendly and requires funders to contribute through various channels.

The regulators are expected to make a strong legal framework with comprehensive statutes pertaining to the Islamic crowdfunding website platform based to be put in place. Regulatory bodies have to be active in Islamic crowdfunding that has a niche market and infant sector for growth and development of the startup company, which would ultimately contribute to the economic growth. The limitations in this research, it is still not discussed the payment mechanism involving financial institutions i.e: Bank.



Source: Data proceed from analysis and interpretation data

Figure 2.
Framework of the Islamic crowdfunding website platform for startup companies

In Indonesia, the FinTech still requires financial institutions such as banks in the traffic of financial transactions.

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