

# **An Open Access System For Investment**

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**Abstract:** This paper seeks the model for best service investment office for attracting foreign companies. A survey study was conducted to find a best model which adopts the openness system. It used a transparent procedure in investment and non-investment documents in making easy doing business in Indonesia. Data took the implementation of ITC in the Internet Based System. It revealed that Foreign Investment Companies support Indonesian Government that has used Internet Based System to open the new companies in Indonesia. Respondents' response to ITC Application for filing the investment documents shows that 93% of respondents agreed to ITC for an Open Access System. The effectiveness has been enjoyed by 86% of respondents. ITC is considered effective investment because the companies need a transparency to get legal documents.

**Keywords:** ITC Application; open access; foreign investment

## **I. Introduction**

The issue of illegal levies in smoothing the licensing process is not uncommon, but it is very common in the public's knowledge, and the government seems to have been silent so that the bureaucratic situation that has been like this from the past until now has remained the same only to get profit through illegal fees in the licensing process. The Transparency International usually publishes an index of corruption and promoting transparency, accountability and integrity at all levels. It reports gets the across all sectors of society in the world. Companies should also fill the documents legally without extra-payments. Open access system for investment covers the knowledge management systems<sup>[1]</sup>, corporate social responsibility<sup>[2]</sup>, forensic examination<sup>[3]</sup>, management's professional integrity<sup>[4]</sup> and of the auditors function<sup>[5]</sup> from the collection of information.

The condition of the licensing bureaucracy in Indonesia may be arguably very sad. Many investors who wish to invest in venture capital find the process very long, complicated and costly. Not only big investors, even people who want to apply for small business licenses also find it difficult because of this very complicated licensing process. Difficult conditions can be an opportunity for unscrupulous government officials to carry out illegal fees with the lure of speeding up the permit process. Efforts to reform the law are steps that should be taken on the one hand, but on the other hand, the problems of corruption and illegal fees are laden with various complexities.

Using an integral approach with technologies, not only create the law reform, but also it should be accompanied by social, economic, political, cultural, moral, and administrative reform<sup>[6]</sup>. The lack of credibility of the existing state institutions due to less technologies and application<sup>[7]</sup> that may make the foreign investment find it difficult to open new business. It is a problem of Easy Doing Business in Indonesian system. Foreign Direct Investment may increase the export capacity of the host country which makes the developing countries have their foreign exchange earnings growing. FDI creates the new jobs and leverage technology transfer and encourages overall economic growth in the host country<sup>[8]</sup>. Data found that FDI with large investments in North Sumatra is more in the mining and energy sector (gold mining and geothermal) in addition to metal-based manufacturing such as aluminum smelting. Mining and energy and metal-based manufacturing that process raw materials into semi-finished goods are not related to the local economic circulation<sup>[9]</sup>.

## **II. Foreign Investment Responses**

The survey reveals that the foreign investment companies behaviour is basically influenced by the external factors like psychological factors. Study gives the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating mutual fund investment decisions. There is evidence to suggest that a relationship exists between gender and investor risk tolerance, with men tending to take more risks than women. Foreign investors evaluate, forecast and take care of the procedures for decision making<sup>[10]</sup>; Because many investment avenues or choices are available to the investment managers. The process of selection of suitable investment avenue depends on various factors like age, gender, marital status, and educational qualification, place of employment, risk tolerance attitude, income, and savings. Decision depends on their income levels, age and appetite for risk, etc<sup>[11]</sup>. The study found the influential factors and sources of information on the foreign companies' awareness and risk attitude towards various investment avenues. The residential area of respondents differed regarding awareness and risk level while selecting investment avenues.

Furthermore, it is commonly accepted that gender can be used effectively to classify individuals into investor risk tolerance categories; however, researchers have not reached consensus on this point. There are, however, a number of empirical studies which indicate that there are no differences between men and women in relation to risk tolerances<sup>[12]</sup>. The investor protection<sup>[13]</sup> is very important in business. The dividends are very important to investors; decision makers who seek to improve capital markets and systematically bonus participation of domestic and foreign investors in domestic capital markets should strive for effective legal mechanisms that help investors materialize their ownership rights. An important insight for portfolio investors who prefer to allocate funds in dividend paying stocks, especially in times of low interest rates.

In present high competitive system of business, it found more producers are involved in the fulfillment and desires of consumers. Each company is to place an orientation towards customer satisfaction<sup>[14]</sup>. Customer satisfaction is an important thing of pleasure and relief from someone consuming a product or service to get a service<sup>[15]</sup>. Consumers are satisfied if the evaluation results show that the products in the high quality level<sup>[16]</sup>. The level of satisfaction is analyzed through dimensions of service quality such as dimensions of physical evidence, reliability, responsiveness, assurance, and empathy<sup>[17]</sup>. Satisfaction is the level of a person's feelings after comparing the performance of the product (or result) he feels with his expectations<sup>[18]</sup>.

### **III. ITC for Investment**

New technologies affects the global business. Information technology and communication make the document and archive studies beyond traditional approaches. It requires local and global business to meet the international applications and standards<sup>[19]</sup>. Electronic document management has been in conjunction with usage of technology<sup>[20]</sup>. Information technologies results in a significant cost saving and increase in services; Information and Communication Technologies are developing and getting cheaper. It obtained that the frequency and dimension of usage of ITC in public services increased<sup>[21]</sup>. At the present time, Internet has obviously become vital facilities for the information communication and sharing area<sup>[22]</sup>.

Information technologies have the desktop, laptop, and hubs that enable to record the smallest information unit to data bank of enterprise at formation moment. New contents of information are incorporated in a related file simultaneously in a single operation. All divisions of the enterprise may up-to-date and important information to base their decisions upon. Information technologies connects the divisions of companies<sup>[23]</sup>. For instance, e-Accounting can be used to record, transfer, storage of books and documents electronically. It makes the costs reduced<sup>[23]</sup>. Fintech is the latest financial innovation model that is present in the midst of society, so that people can enjoy more modern and easy financial transactions using internet or smartphone technology. People who are currently starting to depend on the internet or smartphones are becoming market opportunities for fintech companies<sup>[24]</sup>. The emergence of fintech is an inevitable phenomenon and its growth is unstoppable. Banks and fintech share a mission to provide the best possible experience for customers and therefore complement each other. The synergy of the Bank and fintech will ensure a reduction in blind spots from each service as a result of the combination of the strengths of each party<sup>[25]</sup>.

Along with the development of increasingly modern times, money in physical form is no longer safe in conducting transactions. The occurrence of theft, as well as robbery and counterfeiting of money, triggers evolution. Physical money exchange is no longer considered efficient considering the mass and volume of physical money is one of the challenges that must be resolved. The emergence of e-money is one solution in increasing the security of using money as a medium of exchange.

Accenture reported that Indonesia is one of the countries in the Asian region which has high growth in the fintech market. The fintech market growth in Indonesia reached an increase of up to 1,842% from USD 1.82 million in 2013 to USD 35.35 million in 2016. Even Indonesia's fintech market is higher than Malaysia which is only USD 8.29 million and Thailand USD 3.72 million. The shift in Indonesian people's behavior in the aspect of digital services and the high penetration of internet and smartphone users are one of the triggers for the rapid development of fintech in Indonesia.

ITC can make an open access and illegal fees as one of the crimes committed which are directly or indirectly related to the misuse of state finances<sup>[26]</sup>. Illegal levies have seriously damaged the government's image in the eyes of the public. This is deeply ingrained in the Indonesian government environment. Moreover, in every licensing process, it is never free from illegal levies. Strategies to protect investors can be done by:

1. Protection of user funds. The potential for loss or decline in financial capacity, whether due to abuse, fraud, or force majeure from fintech activities.
2. Protection of user data. Fintech users' privacy issues are prone to deliberate misuse of data (hacker attacks or malware)<sup>[27]</sup>.

ITC for investment system could eradicate the extortion. In the perspective of legal sociology is by using crime prevention theory and law effectiveness theory. Besides that, it is also necessary to eradicate

extortion at least to three dimensions, including: good governance, strengthening regulations, and improving culture.<sup>[28]</sup> The role of The unit to eradicate illegal fees (UPP), Ministry of Law and Human Rights (Kemenkumham), in implementing the functions of prevention, prosecution and justice in the environment of the Ministry of Law and Human Rights, has been running in every Regional Office and Technical Implementation Unit (UPT), although not yet optimal.

The information technologies in Indonesian investment have made few significant impacts on the public service; it increases the quality of services in investment sector. The global technological information and security sustains the strength of Indonesian economic growth. Information technology application for Foreign Investment Companies, according to data from respondents, has made the business processes, costs can be reduced. Information technology application has created awareness and risk level of the respondents.

The study concludes that the recent ITC could help the investors with knowledge about their investment options and risk level, to take informed decisions on investment. Respondents' response to IT Application for filing the investment documents shows 93% of respondents agreed. The effectiveness of ITC application made satisfactory for 86% of respondents. The incidence of fear from employees is 88%, indicates that the extortion eradication program is already running. Increased integrity and accountability among the employees we surveyed showed an average increase of around 70%.

#### IV. Conclusions

It gives two conclusions:

- (1) The information technologies provide significant impacts on the public service; it increases the quality of services in investment sector. The global technological information and security sustains the strength of Indonesian economic growth. Information technology application for Foreign Investment Companies has made the business processes, costs can be reduced. Information technology application could help the investors with knowledge about their investment options and risk level, to take informed decisions on investment.
- (2) Increased integrity and accountability among the employees we surveyed showed an average increase of around 70%. The effectiveness reached 86% of respondents considered it effective.

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