

**ANALYZING OPERATIONAL AND FINANCIAL
PERFORMANCE ON THE FINANCIAL
TECHNOLOGY (FINTECH) FIRM
(Case Study on Samsung Pay)**



SKRIPSI

As The Requirements For The Award of
the Undergraduate Degree Faculty of Economics and Business
Diponegoro University

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**FACULTY OF ECONOMICS AND BUSINESS
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SEMARANG
2017**

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STATEMENT OF SKRIPSI ORIGINALITY

Herein undersigned I, Wahyu Alimirruchi, clarify that the skripsi with the title of: **ANALYZING OPERATIONAL AND FINANCIAL PERFORMANCE ON THE FINANCIAL TECHNOLOGY (FINTECH) FIRM (CASE STUDY ON SAMSUNG PAY)** is true and accurate to be my own skripsi. This is to certify truthfully that in this skripsi there is no whole or in part written by others that I take in a way of copy or imitate in the form of a series of words or symbols that show ideas or opinions or thoughts of another authors, whom I consider as my own writing, and/or there is no parts or all of my writing which I copy, emulate, or that I took from the writings of others without giving the original author recognition.

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MOTTO AND OFFERINGS

“Failure is not an option.”

This skripsi is dedicated to:

- *Umi and Abah and families who always give prayers, encouragements, supports, and endless love*
- *Dear ones who have always give me the spirit to complete this skripsi*

ABSTRACT

This study aims to analyze the operational and financial performance of Samsung Pay at United States in the year of 2015. Operational performances consist of availability, security, and effectiveness and usability of Samsung Pay. Financial performances consist of profitability, inventory turnover, percentage of sold phone which acceptable to use Samsung Pay in US to all sold phone of Samsung in the year of 2015, and the percentage of sold phone which acceptable to use Samsung Pay in US to US Samsung Pay users in 2015. The theory used in this research is Corporate Performance Evaluation Theory.

Methods of data collection used in this research is literature study with secondary data in the form of Annual Financial Statement of Samsung Electronics, Co., Ltd and the Subsidiaries in the Year of 2015. Descriptive qualitative method is used to analyze the research data.

The result of the research found that the value of operational and financial performances of Samsung Pay is 3,1 of 4. So it can be said that the performance of financial and operational in Samsung Pay is great. Limitations of this research is no explanation about the revenue and job of the Samsung Pay's users at US, this research was not involved inside Samsung Pay but done by document analysis, as well as a minimum of information or data about Samsung Pay. The next research are expected to use the other data with the different set of research object and region, as well as to add the other performance indicators other than financial and operational.

Keywords: financial technology, samsung pay, operational performance, financial performance.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis kinerja keuangan dan operasional dari Samsung Pay di Amerika Serikat pada tahun 2015. Kinerja operasional terdiri dari ketersediaan, keamanan, dan efektifitas dan kegunaan dari Samsung Pay. Kinerja keuangan terdiri dari perputaran persediaan, profitabilitas, persentase dari jumlah penjualan perangkat yang mendukung Samsung Pay dibagi dengan jumlah penjualan perangkat Samsung di Amerika Serikat pada tahun 2015, dan persentase dari jumlah penjualan perangkat yang mendukung Samsung Pay dibagi dengan jumlah pengguna Samsung Pay di Amerika Serikat pada tahun 2015. Teori yang digunakan dalam penelitian ini adalah teori evaluasi kinerja perusahaan.

Metode pengumpulan data penelitian ini menggunakan metode studi pustaka dengan data sekunder berupa laporan keuangan tahunan Samsung Electronics, Co., Ltd dan anak perusahaan di tahun 2015. Metode kualitatif deskriptif digunakan untuk menganalisis data penelitian.

Hasil penelitian menemukan bahwa nilai dari kinerja keuangan dan operasionalnya Samsung Pay adalah 3,1 dari 4. Sehingga dapat dikatakan bahwa kinerja operasional dan keuangan dari Samsung Pay adalah baik. Keterbatasan dari penelitian ini adalah tidak adanya keterangan jumlah pendapatan dan pekerjaan dari pengguna Samsung Pay di Amerika Serikat, penelitian ini tidak terlibat langsung di dalam Samsung Pay tetapi melalui analisis dokumen, serta sedikitnya informasi atau data mengenai Samsung Pay. Penelitian selanjutnya diharapkan untuk dapat menggunakan data dengan objek penelitian lain di negara yang berbeda dan menambahkan indikator kinerja yang lainnya selain dari keuangan dan operasional.

Kata kunci: teknologi keuangan, Samsung pay, kinerja operasional, kinerja keuangan

ACKNOWLEDGEMENT

In the name of Allah, the Most Merciful, all the greatest praises be to Allah SWT. Peace and salutation are precisely upon the beloved of Prophet Muhammad SAW, his family, his companions and his followers until the end of day. The skripsi with the title of **ANALYZING OPERATIONAL AND FINANCIAL PERFORMANCES ON THE FINANCIAL TECHNOLOGY (FINTECH) FIRM (Case Study on Samsung Pay)** intended for the fulfilment of Under Graduate Program (S1) in Accounting Department of Economics and Business Faculty on Diponegoro University Semarang.

From the process of skripsi arrangement, there is difficulties involved. But thanks for the support, lent a helping hand, and motivations from families, friends, and great supervisor finally this skripsi can fully completed. Therefore the author in this occasion want to give gratitutions for:

1. Bapak Dr. Suharnomo, M.Si., as a Dean of Economics and Business Faculty of Diponegoro University.
2. Bapak Fuad, S.E.T., M.Si., Akt., Ph.D. as a Head Department of Accounting in Economics and Business Faculty of Diponegoro University.
3. Ibu Dr. Endang Kiswara, SE, M. Si., Akt. as a skripsi supervisor for the encouragement, support, guidance, and valuable suggestions which made this skripsi finis successfully.
4. Bapak Andrian Budi Prasetyo, S.E., M.Si., Akt as an academic advisor on

Accounting Department of Economics and Business Faculty.

5. All lecturers and staffs for the encouragement and support.
6. My number one supporters: Umi, Abah, and families, for being the greatest family anyone could ask for.
7. Family of *Senat Mahasiswa FEB Undip 2016* that have been give many organization experiences in the third year of college. You are not just as a professional partner, but having come to a big family that inhabit in *Rumah Karya Aspirasi FEB*.
8. Awesome Rangers of Economics English Conversation Club (EECC) FEB Undip in the years of 2014, 2015, and 2016. Especially for Public Relations Division, you are brothers and sisters in another blood.
9. Board of *Himpunan Mahasiswa Jurusan Akuntansi (HMJA)* in the year of 2014 and 2015, especially for *Pendidikan dan Pelatihan* Division, which has inspired author to always excel in academic.
10. Great and Young (GenY) Telkomsel Semarang, especially for Dear Diary (Mas Kaka, Mas Kamal, Agus, Pita, Pegi) and Team Finance and Administration which always give support to finish this skripsi.
11. Cactoos Family, thanks for the togetherness, kindness, and brotherhood.
12. Friend in arms of skripsi guidance (Filza, Rendi, Lita, Nana, Yudhis, and Mas Osu) as a mutual aid and a place to share stories about the skripsi-making process.
13. Semerak Team, thanks for the togetherness in 35 days of KKN.
14. Someone who is constantly reminding me to do the skripsi, always give support

and advices, as well as inspired me to write it in English.

15. Best regards and thanks to all who have been involved in the preparation of this skripsi that can't be mentioned one by one.

I realize that this skripsi is still far from perfect, therefore, critics, suggestions, advices in order to improve my skripsi are always welcome. I hope that this research can bring benefit for everybody who read and for me in particular.

Semarang, 13 Maret 2017

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CHAPTER I

INTRODUCTION

1.1 Background

In order to facilitate and assist with daily activities, then humans constantly do innovate and explore their creativity to create an appropriate technology which has a value-added. So no wonder if in today's digital world any economic transactions can implementable anytime, anywhere, accessible via any smartphones, fast, and easy to use. So comes the digital economy or commonly called E-commerce and its products are presented as a result of an information technology development.

The development of information technology is also changing the traditional accounting system into the computerized accounting system. But the purpose of the implementation of computerized or manual systems are the same, which is an accounting process that create useful informations to make decisions. Traditional accounting systems keep records of transactions, then do a post in a journal which is then followed by making ledger and prepare financial statements on many sheets of paper. These activities in traditional accounting system not only take a long time, but also a lot of money for documentations, employees, and other resources that are used. In contrast to modern accounting system or better known by the online accounting system that is more effective where the users can access unlimited by time and place with more efficient cost. Online accounting system is an accounting

system which used at the web-based. Computer-based accounting information system becomes a tool for the company and its stakeholders.

In addition, there is some digital payments which appear because of the development of technology in 21 century which called FinTech. FinTech or Financial Technology is the new sector in the finance industry that merging the whole of technology which used in finance to facilitate trades, corporate business or interaction and services provided to the retail consumers. According to National Digital Research Center (NDRC), Financial Technology or FinTech is a terminology which used to call an innovation in financial sectors.

Financial Technology is one of IT (Information Technology) implementations in finance-related. The core concept of FinTech came from the application of peer to peer concept (P2P) that used by Napster in 1999 for music sharing. Then FinTech first appeared in 2004 by Zopa, which is financial institution in United Kingdom that performs in borrowing money service. In 2008, BitCoin which created by Satoshi Nakamoto was first appeared as a digital money for online transactions but it was not allowed anymore in Indonesia. Then come Apple Pay, Samsung Pay, and PayPal. In fact, it is a lot of type of firms as an executor in FinTech such as: manufactured company (Apple Pay and Samsung Pay), provider and telecommunication company (T-Cash, Dompot Indosat, XL Tunai, etc), operating system company (Android Pay), banking (Dompetku etc) and others. In Indonesia, FinTech grow in rapid rate because the increase of internet and smartphone users, especially for the Indonesian youth.

In Indonesia, Financial Technology have regulated by Bank Indonesia in

Peraturan Bank Indonesia (PBI) No. 18/40/PBI/ 2016 about The Executor of Payment Transaction Process. The law was arranged according to the law of UU No. 23 of 1999 about Bank Indonesia, UU No. 11 of 2008 about information and electronic transaction, and UU No. 3 of 2011 about Fund Transfer. This license from Bank Indonesia publishes to the new payment system service executor that unregulated in the former laws, which is to: switching executors, payment gateway executors, and electronic wallet executors. To improve its reliability and industry competitiveness in national payment system, so this law is also arrange the ownership structure of the executor as a principal, switching executor, clearing executor, and settlement executors. Two parties that properly arranged in PBI PJP (*Peraturan Bank Indonesia Penyelenggara Jasa Pembayaran*) are the Executor of Payment System Service (*Penyelenggara Jasa Sistem Pembayaran* or PJSP) and Supporting Executor at Payment System.

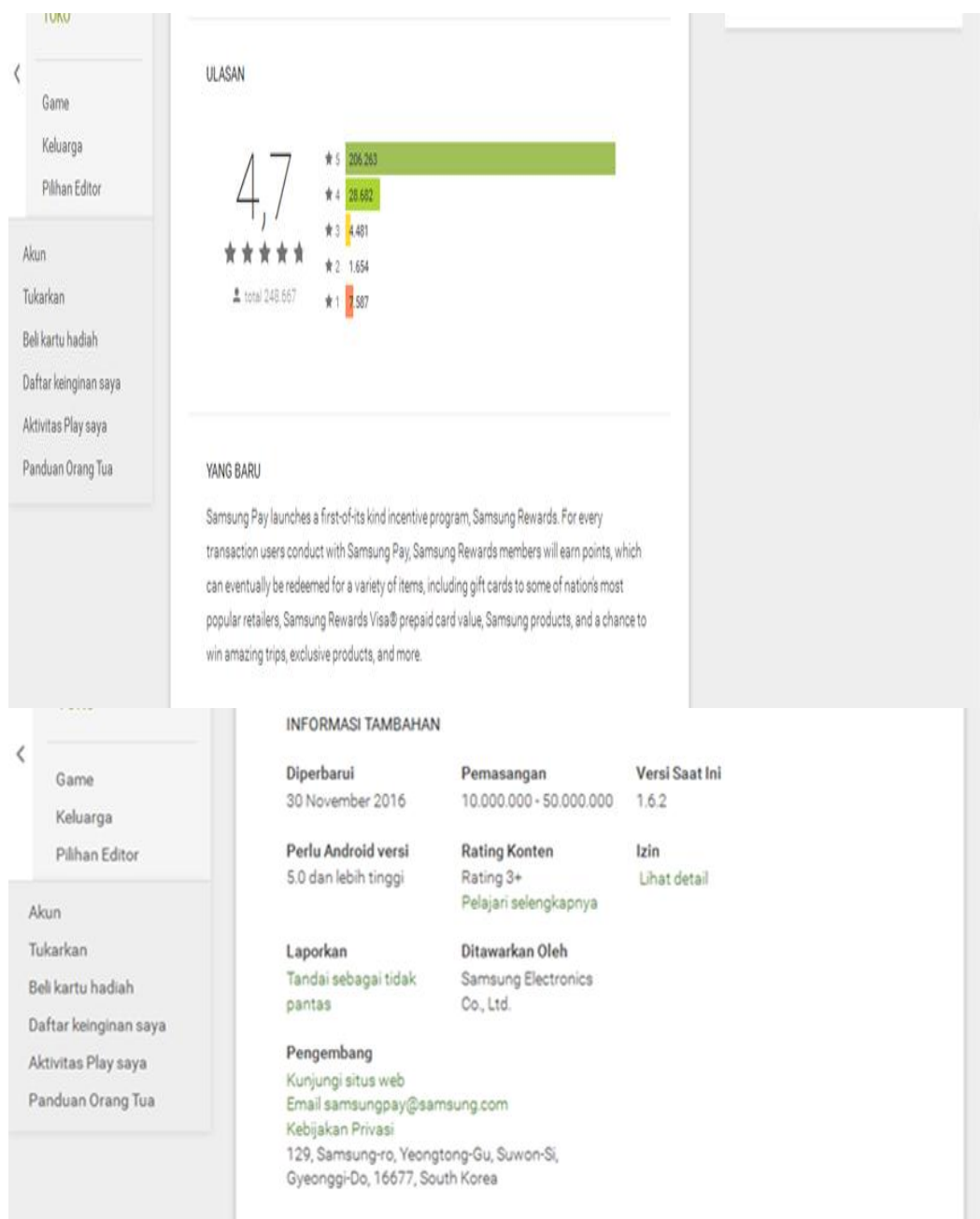
The development of Financial Technology able to influence world's society lifestyle, moreover FinTech now come as the new need in world. The reasons why FinTech as an important part in lifestyle and financial situations in world are because it help the new startup development of mobile payment, able to increase the society's living standard (in South Asia, FinTech can coped with poverty more than 600 million people and still give the real prove about the gain of startup to increase the investor's trust).

Samsung Electronics America, as a subsidiary firm of Samsung Electronics, Co., Ltd., have acquired 100% of equity shares in Samsung Pay (previously called

LoopPay) on February 23, 2015. Samsung Pay, Inc. which located at Burlington USA, is a firm that focus on mobile payment development and services. As a startup firm in Financial Technology in two years, it have made many developments and improvements for its product.

As a mobile payment, users of Samsung Pay can download its application called Samsung Pay at Playstore.com. Until now, Samsung Pay Application achieve 10 million to 50 million downloads in all over the world from 2015 to 2017. To download it, users must have Android version minimum with 5th version or higher. Beside the version of Android, the users must have the type of phones with the NFC (Near Field Communication) chip and/or magnetic chip to operate it in the payment transactions. Because its usefullness and ease of use, the users of Samsung Pay give 4,7 stars of 5 stars in the assessment of the service application in Playstore. With the expansion towards other countries in the world, the amount of download users or the assessment of the service can be higher in the next day.

Figure 1.1 Samsung Pay in Playstore



Source: Playstore.com

Based on the above, the author interest to use this topic as a research with the title of "Analyzing Operational and Financial Performance on Financial Technology (FinTech) Firm (Case Study on Samsung Pay)"

1.2 Research Questions

The object of the research is the Samsung Pay from Samsung Electronics, Co., Ltd. The product reflects the Financial Technology to do some transactions which popular in society. From the object of Samsung Pay, then author analyze its performances which consist of financial performance and operational performance. The next step is author analyze the future perspective of Samsung Pay according to the result of performance analysis. From the background explanation in the previous chapter, then comes research questions as defined in:

1. How is the current operational performance of availability on Samsung Pay?
2. How is the current operational performance of security on Samsung Pay?
3. How is the current operational performance of effectiveness and usability on Samsung Pay?
4. How is the current financial performance of profitability on Samsung Pay?
5. How is the current financial performance of inventory turnover on Samsung Pay?
6. How is the current financial performance of the percentage of sold phone which acceptable to use Samsung Pay to all sold phone Samsung in US year 2015?
7. How is the current financial performance of the percentage of sold phone which acceptable to use Samsung Pay to US Samsung Pay users in 2015?
8. What is the future perspective of Samsung Pay according to the operational and financial performance?

1.3 Objectives and Benefits of Research

1.3.1 Research Objectives

Based on the background and research questions, then the objectives of this research are:

1. Describing the current operational performance of Samsung Pay's availability through total supported devices, total supported cards, and total supported merchants and regions.
2. Describing the current operational performance of Samsung Pay's security (available or not).
3. Describing the current operational performance of Samsung Pay's effectiveness and usability through the rate of US customer awareness in June 2015, rate and type of US customer's obstacles to use mobile payment in 2015, rate of US customer satisfactions in 2015, reasons why US people don't use mobile payment 2015.
4. Calculating the current financial performance of Samsung Pay's profitability through the ratio of Samsung Pay's revenue to Samsung's gross profit in 2015, ratio of Samsung Pay's revenue to Samsung's operating profit in 2015, ratio of Samsung Pay's revenue to Samsung's net income in 2015, ratio of Samsung Pay's revenue to Samsung's revenue in 2015.
5. Calculating the current financial performance of Samsung Pay through

the inventory turnover in 2015.

6. Calculating the current financial performance of Samsung Pay through the percentage on sold phone who supported for Samsung Pay at US to the all Samsung's sold phone in the year 2015.
7. Calculating the current financial performance of Samsung Pay through the percentage on sold phone who supported for Samsung Pay at US to the Samsung Pay users at US in 2015.
8. Analyzing the future perspective of Samsung Pay according to the operational and financial performance.

1.3.2 Benefits Research

The expectations of this research is to create value for many stakeholders, so that the benefits to be gained are:

1. Theoretical Aspects

From the theoretical aspects, the research results can be used as a tool of comparison between the knowledge gained from the university with the direct implementation in the field company. The results of this study can also add the knowledge for the readers to know the concept and functions of FinTech then analyze the operational and financial performances especially in Samsung Pay so that it can be used as a reference for future research.

2. The Practical Aspects

From the practical aspects, the results can be used as a reference for Samsung Electronics Co., Ltd to analyze and evaluate its FinTech through Samsung Pay's performances to improve its service and increase the profitability or total sales of phones.

1.4 Systematics Research

Systematics research compiled to obtain a complete picture of undergraduate skripsi writing which is based on the chapters outlined as follows:

CHAPTER I: Introduction

In this chapter will explain the background of issues including the development of information technology which creates the phenomenon of the digital economy and digital transactions, the raise of FinTech, and the implementation of FinTech. From this background, then formulated the research questions which underlying the research. Then in this chapter will also give the objectives and the benefits of the research. The last part of this chapter is showing a systematic research.

CHAPTER II: Literature Review

Contains the theoretical basis of the understanding of the FinTech;; performance indicators of financial; and the prior research related to the study. With the theoretical aspects and prior research, then created a framework of research.

CHAPTER III: Research Methods

In chapter Research Methods describes the research variables and operational definitions, determining the object of research, types and sources of the data, methods of data collection and analysis methods used for this research.

CHAPTER IV: Results and Discussion

In chapter results and discussion will elaborated on the description of the object of study, research analysis, and discussion of research results.

CHAPTER V: Closing

In the final chapter of this research will described conclusion which is a short description of the brief that has been discussed in four previous chapter. In addition, this chapter will also contain suggestions as well as restrictions based on research results for further research.