

THE ROLE OF THE USE OF DIGITAL E-WALLET FINANCIAL TRANSACTION PAYMENTS FOR UMKM IN THE EAST MEDAN REGION

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Abstract: This research aims to determine the role of using e-wallets in digital financial payment transactions for MSMEs, as well as the obstacles experienced by MSMEs in using e-wallets as a means of payment in digital financial transactions. This research uses qualitative methods by conducting a survey of MSME owners who use e-wallet in the East Medan District area. The research results show that the use of e-wallets for MSMEs has increased payment accessibility, expanded the market, and increased operational efficiency. Some examples of e-wallets used by MSMEs are OVO, dana, sakuku, and linkAja. Thus, the use of e-wallets has an important role in strengthening the MSME ecosystem, providing greater growth opportunities, and empowering MSMEs to compete in a global market that is increasingly connected digitally. However, there are also several obstacles in using e-wallets in MSME financial payment transactions, such as system errors which result in delays in payment transactions. It is hoped that the results of this research can contribute to MSMEs in using e-wallets as a digital financial payment transaction tool.

Keywords: E-Wallet, MSMEs and Digital

INTRODUCTION

Technology is developing rapidly in Indonesia and has penetrated various economic sectors. Starting from obstacles, a fast and simple campaign was created. One of the activities affected by technology is cash payment tools such as money. Before money was created, there was a system we call bartering. Barter was the beginning of trading activities that took place in 6000 BC. A place where goods can be exchanged without monetary intermediaries. The transaction method is by exchanging goods according to each other's agreement. However, bartering itself has a weakness, namely the difficulty of finding individuals who need each other. The value of the goods definitely varies. This results in bartering not being practiced as widely as trade carried out in modern economies using money. Therefore, the barter system has many weaknesses and bartering is not the right solution as a trading tool. Thus creating a new medium of exchange in the form of currency.

As time progresses and technology advances, people's behavior in all aspects of life is changing. Examples include the use of digital or cashless social interactions, buying and selling, public transportation, and financial services. In the financial sector, transactions are not

only carried out through currency and current accounts, but also through technological applications which we usually call financial technology (Fintech). According to Bank Indonesia (2019), fintech is the result of a combination of financial services and technology. Transforming cash business models into cashless businesses can change the social payment system and help companies reduce excessive costs. Bank Indonesia itself continues to encourage the use and implementation of non-cash e-money transactions. Electronic money is used by many banking companies and other service companies, and electronic wallets can also be used to increase the convenience of electronic money users.

E-wallet is a form of financial technology advancement that can bring benefits to support financial activities and facilitate public transactions. The e-wallet platform is designed to make it easier for users to carry out transactions safely, effectively and efficiently. Apart from that, e-wallet is also an official payment instrument recognized by Indonesian banks. In Indonesia, there are five popular e-wallet platforms including OVO, Gopay, ShopeePay, Dana and LinkAja.

Technological developments have brought about enormous changes, including in the financial sector. It cannot be denied that information technology-based financial services, commonly known as digital financial services, are developing rapidly. The use of e-wallets is one thing that can build economic stability and encourage economic growth, this is one of the Indonesian government's efforts through the development of micro, small and medium enterprises or commonly known as MSMEs. The use of e-wallets for digital financial transaction payments by small, medium and micro businesses plays a very important role in economic development and growth.

Therefore, it is important for small and medium enterprises (MSMEs) to adopt this digital marketing strategy. If they don't keep up with digital trends, they risk being left behind by competitors and abandoned by their customers. The use of digital wallets can also be accessed by anyone, including students and people with limited capital who want to start a business. This provides an opportunity for those with limited capital to build a successful business through an e-wallet platform.

The problem often faced by MSME owners in this modern era is the lack of ability and skills to use technology, so that it becomes a limitation in being able to use modern technology in the form of software and hardware in their business. One of the previous studies showed a similar condition, where the application or implementation of the use of technology in MSMEs, hampered people's ability to use technology was still very minimal.

Thus, it is hoped that activities like this can encourage people to better understand technology, especially those that can support various forms of MSMEs in the modern era. The priority of community capacity development activities is similar, aimed at improving the performance of MSMEs in general, as e-wallet can encourage optimizing the performance of MSMEs through a more regular payment process, which is more organized and easier to carry out business performance recapitulations or reports.

The growth of MSME players in the Medan region, especially in the Eastern Medan region, is in line with digital developments, causing business competition to become increasingly fierce and increasing the need to develop and compete in a healthy manner. This is a challenge for MSME owners in maintaining their business and achieving profits. To face this challenge, understanding marketing strategies that utilize digital technology is important. Training related to improving technology, similar to this research, aims to determine the

important role of e-wallets in maximizing business performance through financial management, improving marketing, and maximizing other features in supporting MSMEs.

LITERATURE REVIEW

This research uses a qualitative research method that reviews several data and conducts interviews with several MSME owners who use e-wallets or digital wallets as a means of payment for financial transactions. Here are some things found in conducting research:

Understanding E-Wallets

E-wallet is wrong an alternative payment method based on financial technology (Fintech) which uses the internet or online network . This e-wallet system can with easy for consumers to use connection internet, and use of this e-wallet using an application. Wallet electronic or e-wallet is a connected system to account user Which possible merchant to immediately reduce the balance at account user. E-Wallet also allows registered users to carry out online transactions easily, safely and comfortably, and allows users to send and receive money just by writing down the telephone number they want to make . contacted. Moment it 's trending for users to do transaction e-wallet by scanning a QR code from a smartphone they. E-Wallet itself is intended to help all users save money in electronic form and carry out all trading activities more easily, efficiently, effectively, safely and comfortably . .

Understanding MSMEs

Micro business is an economic activity carried out by public Which small in size and meet the criteria for net worth or annual turnover . Micro businesses are business units with 6 to 7 employee. Small business is at in under great pressure on their ability to survive life in a way independent. The meaning itself is meaningful transform critically and dynamically. This doesn't mean you have to work alone, without interacting or collaborating with anyone . Indeed, current socio - economic conditions require close cooperation and interaction between leaders and leader, between individual with public, between traders, and others etc. According to the provisions of Chapter 1 of the Business Law Small And Intermediate Number 20 of 2008, body business. Micro business , small, and medium is a productive economic enterprise and independent company run by an individual or company, not a subsidiary or branch of a company that is owned or controlled by they. or is a direct or indirect part of company small or big Which level of net profit or turnover The annual period is regulated in this Law .

Benefits of Using E-Wallet for MSMEs

E-Wallet offers to buyer And seller various features and ease of payment process. For MSMEs, e-wallets have advantages in simplifying the payment process for perpetrator business. Apart from that, e-wallets also offer a number of promotions that provide deep benefits transaction and can be used by MSMEs to attract customers to shop at their stores.

How E-Wallets work

E-wallet is a digital payment tool that makes it easier for users to make online transactions. Users can save money in an e-wallet and use it to pay for various needs, both online and offline. The e-wallet transaction system is quite simple, with registered users able to make online payments safely and comfortably.

Advantages of Using E-Wallet for MSMEs

Some of the advantages of using e-wallets for MSMEs include faster and more practical transactions, safe money storage, and many promo offers. With e-wallet, payment transactions made by customers are faster and safer, do not require cash, and do not cause long queues. Apart from that, e-wallets can also be used to store money, transfer money to a bank account, or withdraw cash for other uses. Thus, the use of e-wallets for MSME payment transactions provides various benefits and conveniences, both for MSME players and consumers.

Previous Researchers

After conducting research from several MSME owners who use e-wallets as a payment platform for financial transactions, MSMEs understand better that e-wallets are just transactions using advanced technology or online payments only. In fact, E-Wallet has many roles in helping to improve MSME businesses and in terms of financial literacy, such as financing, financial regulation and so on.

Several MSME owners explained that using E-Wallet as a payment for digital financial transactions really helps them in resolving financial transaction problems, because it has benefits and ease of use and can also be a solution in recording financial transactions.

METHODS

The research method used is qualitative, targeting MSME owners who use e-wallets as a means of payment for financial transactions, especially MSMEs in the East Medan area, in searching for and obtaining e-wallets. Includes methods, solutions, or recordings. Discussion centers on relevant data. This is currently being researched.

The main reference sources for data and information in this research consist of primary and secondary sources. Primary data sources were obtained through interviews regarding the use of digital payments. In-depth interviews were conducted with related parties. Secondary data sources such as research results, scientific articles, publications, and documents related to research topics are obtained and collected from research results. The data collection methods used were observation, interviews and documentation. The qualitative data analysis technique used is data collection through interviews, observation and document study. The data is then organized and presented so that conclusions can be drawn.

RESULTS AND DISCUSSION

Digital technology-based financial services are experiencing rapid growth in line with technological advances. In fact, banks are also starting to move from conventional services to digital application services. This development is an unavoidable change. The growth of this payment system occurred due to increasing transaction volume and value, increasingly complex risks, and technological advances. The cash payment system has developed from using commodity money to fiat money, while the non-cash payment system has developed from script-based instruments such as checks and giro bills to electronic-based instruments such as cards and electronic money. Digital wallets are recognized as a popular method of storing money in electronic form because they provide a convenient way for users to store and use shopping information online. Digital wallet service providers such as OVO, Gopay, Dana, Doku, QRIS and others often offer various attractive promos such as cashback and discount vouchers, which attract people's interest in using digital wallets for transactions.

In facing these changes, adaptation to digital financial technology is very important for business continuity, especially for businesses that are starting to lose their appeal due to public perception of transaction processes that are less flexible and time consuming if the amount of money returned is insufficient. However, public awareness is still low and knowledge about the functions and benefits of using digital wallets is still lacking. There is a difference between cash transactions and electronic transactions, where electronic transactions are easier and faster in the data recording process. This kind of awareness is not yet widespread, even among digital wallet users themselves, so various perceptions arise. In this context, outreach and advertising play an important role in educating the public about the use of digital wallets. Advertising is not only a persuasive tool to encourage use, but also provides knowledge and understanding to the public about the advertised product. Advertising has an important role in shaping consumer attitudes and can influence consumer interest in new innovations or new needs. Therefore, advertising remains a factor that drives consumer interest in new payment models, which is a challenge for MSME owners to quickly adopt various payment models to increase the attractiveness of their businesses.

The use of non-cash or online payment methods is increasing, and this is causing the popularity of using digital wallets or e-wallets to increase rapidly. Based on research, before the pandemic, digital wallet use was only around 10%. However, throughout 2020, digital wallet usage reached 44%, and it is estimated that the number of users will continue to increase. A survey in Southeast Asia also found interesting results that when making online purchases, people prefer to use digital wallets rather than bank accounts. Some of the most popular digital wallet applications among Indonesians include ShopeePay, OVO, GoPay, DANA, and LinkAja.

Digital payment methods are very helpful in the business transaction process for MSMEs. This is in accordance with research that this type of service is the choice of transaction payment for consumers. There are three types of ways to use digital payments, including:

- (1) One time payment. Transactions like this are usually carried out to make online purchases. If consumers have received the goods they want, they can pay for them easily via smartphone.
- (2) Multiple transfer system. Apart from being used to make payments for desired objects, digital payments are also commonly used repeatedly or many times. For example, business actors have permanent raw material suppliers, so they can make automatic transfers periodically.
- (3) Automatic transfer system. Each bank usually offers an automatic delivery or transfer system if the digital payment owner wants to pay for something. So, we can make automatic deliveries according to what we want.

There are many benefits that business actors can experience after using a digital payment system. Research shows that the advantages of digital payment systems outweigh the disadvantages. Instead of eliminating the existence of cash, the presence of digital payments can minimize inflation due to the large amount of money circulating in society. Digital payments have an impact on business income where it is said that 66% of the research articles collected stated that the use of digital payments had a positive impact on business income levels. The type of business that has mostly implemented digital payments is the MSME type of business. The implementation of digital payments is also supported by several factors, both internal and external, such as the perception of the public and entrepreneurs regarding ease, comfort, and many positive impacts for them personally and the business they run.

MSMEs have an important role in the Indonesian economy, in particular making a significant contribution to the creation of gross domestic product and employment. MSMEs also have high economic resilience and can support the stability of the financial and economic systems. Through three pillars of the MSME development program: increasing production capacity, increasing cost efficiency, and market expansion. Implementation of the third pillar program for MSME development is through the MSME digitalization program. Accelerating the digitalization of MSMEs is carried out to expand market access and increase competitiveness. This is expected to facilitate the strengthening of MSMEs. Digitalization of MSMEs is an important step for Bank Indonesia, considering the rapid development of digital technology, especially in the city of Medan where almost all citizens use digital technology in carrying out all their activities. This can be an important point for MSMEs to develop their business.

Implementation of E-Wallet (especially Qris) for MSMEs

Bank Indonesia has introduced a payment channel/system to standardize all server-based non-cash payments using QR code media as transactions. The payment system is Quick Response Indonesia Standard (QRIS). QRIS was introduced in Indonesia on January 1 2020. For MSME traders, adopting QRIS is a top priority.

Based on a survey conducted, several MSME traders in Medan are already using QRIS. The MSME traders who were the sources for this research said that the introduction of QRIS was driven by the traders' desire to follow developments in technology and information. The era of technology and information increases the speed of carrying out activities in our lives. Therefore, the presence of QRIS will help MSME traders to speed up transactions using QR codes.

The form of QRIS available to sellers is a static form (sticker or other form). QRIS stickers are affixed to the picture wall, cashier counter and glass counter for customers to scan. Customers who want to pay using QRIS must install the e-wallet application on their smartphone. Customers who use QRIS are mostly teenagers, online drivers and some parents. Several MSME traders have introduced this payment system using numbers. Even though it is not used every day, using this system does not cause difficulties, in fact it will make it easier for traders to use numbers. The interview results show that QRIS does support the trading process. Merchants don't need to have lots of QR code products on their characters, they just need to provide a QRIS that can accept all transactions from various server-based payment methods.

The role of QRIS is to help MSME traders not be fooled by circulating counterfeit money, reduce the risk of currency theft, and assist the government in developing the digital economy in certain sectors, said one research informant. Due to the non-cash payment system, MSME traders have difficulty returning customers' money, both large and small amounts. The QRIS payment system not only makes transactions easier, but also helps sellers record their daily income, and also helps sellers directly check the goods being sold. The presence of QRIS really supports the merchant transaction process and guarantees income security. The increase in daily income for MSME traders is due to the presence of QRIS. For some traders, the increase in income is around 5-10 jobs per day. There are also traders who increase their income by using QRIS on Saturdays and Sundays. This increase in income will increase financial inclusion for MSME traders and the country's digital economy.

Barriers to E-Wallets (especially Qris) for MSMEs

The use of QRIS faces several obstacles among MSMEs. These failures are caused by the use of these payment channels and merchants' lack of understanding of how they work. By using a QRIS-based payment system, MSME traders are dissatisfied with the Merchant Discount Rate (MDR) of 0.6% that applies to traders, thereby reducing traders' daily income. The problem with using this payment channel is that sometimes the internet network strength is not good, which sometimes makes the transaction process difficult. Implementing QRIS is still difficult for some traders due to lack of knowledge about the system.

CLOSING

Through this research, researchers concluded that e-wallets provide a breath of fresh air to help MSME businesses, especially in the area of business finance. MSMEs play a very important role in supporting the stability of the financial system and the national economy. One implementation of the MSME development program is the MSME Digitalization Program. Digitalization is a breakthrough that can be utilized by MSMEs to be able to compete in domestic and international markets. The existence of a digital payment system is very helpful in the business transaction process for MSMEs. The use of digital payments is increasing in number because this payment method can provide various benefits both to MSMEs themselves and to consumers. Implementing digital payments can provide convenience and speed in carrying out payment transactions. The ease of digital payment systems that have developed today have encouraged the development of digital economic and financial transactions. Some of the benefits of using digital payments include: being able to increase sales turnover, providing payment variations for consumers, easier transaction tracking, increasing payment security, and being able to increase the effectiveness and efficiency of payments.

The limitation of this research is that there are insufficient informants because several MSME traders have not implemented digital payments or e-wallets among their figures. It is hoped that this research can be further developed with a large number of informants and can become material for further research.

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