

THE ROLE OF FINANCIAL TRANSFER PAYMENTS USING E-WALLET IN MSMEs "WAJIK BAHAGIA AI RESTAURANT, KABUPATEN KARO"

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Abstract: The rising use of information and communication technology has brought about significant changes to many parts of people's life, including payment systems. The aim of this research is to determine the role of e-wallet-based financial transfer payments in the MSME's "Wajik Bahagia Ai Restaurant, Kabupaten Karo". This research approach uses a qualitative methodology, gathering data through interview, observation and documentation techniques. The respondents who were sources in this research were restaurant owners. The study's findings indicate that e-wallets' function and application in the MSME "Wajik Bahagia Ai Restaurant, Kabupaten Karo" are still ineffective. One of the non-cash payment methods that has been used at "Wajik Bahagia Ai Restaurant, Kabupaten Karo" consists of DANA, OVO, and Gopay. The results of this research prove that although e-wallets are very useful, there are still many challenges that must be faced. MSME businesses are strongly encouraged by e-wallets to stop relying on cash transactions. Therefore, it can be said that e-wallets, especially their networks, still need improvement.

Keywords: *E-Wallet, MSME's, Digital Payment*

Introduction

The numerous new tools and technologies being developed to improve the efficacy and efficiency of human endeavors demonstrate the ever-increasing speed at which information technology is developing today. This age is often known as the "digital era," since technology has replaced human intervention in every aspect of human life. Eventually, it will be impossible to separate information technology from human activities as the shift from manual to computer systems proceeds. New payment methods including digital wallets, online bank transfers, debit cards, and credit cards have all been made possible by technological advancements. In addition, blockchain technology contributes significantly to increased security and precise transaction verification. Digital payments are becoming a necessity for society as non-cash payment technology advances. In 2014, Bank Indonesia initiated this invention by promoting the National Cashless Movement throughout Indonesia. The goal of this trend is to lessen people's reliance on cash by substituting electronic payment options such digital wallets, bank application transfers, debit cards, and credit cards. In addition to improving transaction security and efficiency, this program promotes financial inclusion by giving more individuals access to banking services (Latifah et al., 2022).

Since the Covid-19 crisis, which caused all community activities to be disrupted, electronic payments have been developing quickly in Indonesia (Lestari et al., 2022). People stopped their everyday activities as a result of the ban on activities outside the home, the ban on direct contact, and the ban on large-scale gatherings. As a response, the government implemented rules that limited communal activities. People use fintech, or financial

technology, as a result of this. People can conduct financial transactions more easily now that financial technology is available. The first bank to authorize the use of a digital wallet was Bank Indonesia, which keeps track of the amount and value of electronic money transactions in Indonesia, which have been steadily rising over the previous five years. Furthermore, there was a notable increase in electronic money transactions during the Covid-19 pandemic. The five e-wallets that Indonesians use most frequently are Dana, Gopay, Ovo, Link Aja, and Shopee Pay (Akuntansi, 2022).

In 2009, PT. Indosat, Tbk, then known as Paypro, launched Indonesia's first digital wallet. We can use technology to hold nominal money electronically by using an internet-connected program called an e-wallet (Hermawan et al., 2024). Another financial tool for digital money storage is the e-wallet section, which is employed as a legitimate non-cash principle payment method. E-wallets serve the purpose of simplifying the process of saving money, conducting transactions, and managing our everyday finances through the use of a smartphone in a time-efficient and practical manner. The fact that this e-wallet is available to us is just one of its numerous functions can use a smartphone to make a quick payment at any time and from any location. Apart from that, e-wallets also have the advantage of reducing the risk of fraud and circulation of counterfeit money.

Originally a tiny store selling traditional Karo Regency pastries, Wajik Bahagia Ai Restaurant, Karo Regency was established in 1974. The third generation of the restaurant's founders is currently in charge of running it. The restaurant used to just serve cakes as snacks, but now it's a big eatery with a wide selection of dishes. Since its establishment, Wajik Bahagia Ai Restaurant has expanded rapidly, becoming a must-visit dining destination when in Karo Regency. From tiny stores to modern eateries that accept payments via e-wallets.

At first, the only payment method accepted at this establishment was cash. In order to prevent the spread of the corona virus, Wajik Bahagia Ai Restaurant has searched for alternate transaction instruments since the 2020 corona virus pandemic. This is because using currency is extremely unsafe. Using an e-wallet as a transaction tool has been selected as the answer. From 2020 until their total discontinuation in 2023, e-wallets were in use. This was carried out because e-wallets were thought to be insufficiently effective and to have numerous flaws, particularly with regard to its network.

Many MSMEs use e-wallets to conduct transactions in this digital age where customers can purchase food at the restaurant without using cash (Rahma et al., 2021). Due to its ease of use, consumers can now use technology as a contemporary approach that facilitates economic activities, specifically through payment methods such as money transfers. It is advantageous and convenient for customers to have simple payment options via a transfer system.

Particularly for Gen Z, who pick up on the complexity of the rapidly evolving technology very quickly (Afista et al., 2024). During the Covid-19 pandemic, Gen Z began routinely using e-wallets to pay for goods and services (Indriyani & Sartika, 2022). The largest user base is Gen-Z, which has caused a shift in payment methods from cash to digital ones like e-wallets (Sya'diyah, 2024). For example, social media use, online shopping, online investing, and so forth.

In addition, Gen Z earns a steady income and has a significant impact on online business ventures. The number of e-wallet users has increased as a result of Gen Z students' increased interest in online shopping and product research. It is impossible to separate the features offered by e-commerce applications, such as electronic wallets and electronic payments, from Gen Z's consumption habits. This feature makes it very easy for Gen Z customers to make purchases and make payments.

Literature Review:

In Indonesia, the use of electronic money has grown considerably during the past several years. The quantity of electronic money transactions as well as the nominal amount of such transactions have grown dramatically. Every year, as the use of electronic money grows, so does the infrastructure supporting it (Pitryani et al., 2022).

Electronic wallets, also known as electronic wallets, are electronic services for storing payment instrument data, such as tools for making payments using cards and/or electronic money, which can also hold funds, according to regulation (Bank Indonesia, 2016) number 18 / 40 / PBI / 2016 Article 1 Paragraph 7 regarding the implementation of payment transaction processing (Saputro & Winarni, 2023). In response to the demand for micropayments that may be accessed immediately offline and execute payments at comparatively low prices, electronic money was created. A cutting-edge service that enables us to electronically save different payment methods is the digital wallet. Payment cards and cryptocurrencies are examples of this; they can even serve as deposits to facilitate transactions (Saputro & Winarni, 2023). In actuality, this service enables us to do transactions in a more contemporary and effective manner. E-wallets enable its users to purchase products and services from other users online. The funds or balance in the e-Wallet are funds that were previously kept there. In other situations, you can link your bank account to your digital wallet account in order to top it up (Karunia, 2016).

The term "e-wallet" refers to digital currency that may be distributed while performing other tasks and allows for convenient buying without the need to carry cash. An e-wallet, also known as a mobile wallet, is a payment service that uses mobile devices and is governed by financial regulations. E-wallets are reportedly the newest form of m-commerce, enabling users to share accessible services, buy online, place orders, and conduct transactions (Karunia, 2016). In summary, an e-wallet is an electronic service that stores payment instruments, including those that rely on software, as well as electronic money, which is used to maintain funds and facilitate online payments between users. Naturally, each account has full identifying information about the account holder because it contains electronic money. Additionally, the availability of digital wallet applications serves a wide range of purposes, including serving as a tool for verifying purchases and sales in addition to being a payment method.

There are features that are generally offered by e-wallets provided to its users:

- a. Digital payments: E-wallets allow users to make digital payments easily and quickly, without having to carry money cash or physical card.
- b. Fund storage: Users can store funds in e-wallets and use them for various transactions, including purchases, bill payments, or fund transfers.
- c. Integration with banks and credit cards: E-wallets can be integrated with the user's bank account or credit card to facilitate the process balance top up.
- d. Security: E-wallets are usually equipped with security technology advanced technologies, such as data encryption and two-factor authentication, to protect user information and transactions.
- e. Bonuses and cashback: Some e-wallets offer bonuses or cashback for loyal users, such as purchase discounts or cash back.
- f. Additional features on e-wallet such as ticket purchasing features, reservations food or transportation, and even investment or insurance transactions (Ii & Pustaka, 2002).

Method

A qualitative method using a case study approach is the research methodology employed, in which a phenomenon that occurs in the field is analyzed or examined. Understanding the social connections and activity processes that take place in the research object is another goal of this qualitative study. By making careful observations, one can investigate issues that arise in organizational work processes. Only qualitative researchers who conduct in-depth interviews can analyze complex social interactions (Setiawan et al., 2023).

Respondents in this study were restaurant owners. This research approach uses a qualitative approach, data collection techniques using interview, observation and documentation techniques. who use e-wallets as a non-cash payment method in restaurants were interviewed by researchers for this study. Wajik Bahagia Ai Restaurant in Tambak Lau Mulgap II, Kec. Berastagi, Karo Regency, North Sumatra, was the research location. The author uses a non-probability procedure to obtain primary data, and the researcher has prepared a list of questions to ask the informants. Researchers support this journal with literature reviews from books, journals and other related reading sources in addition to data collection methods involving interviews. Smartphones and stationery were used during the interviews.

Results and Discussion

A. The Role Of E-Wallets In Transactions

The implementation of non-cash payments for MSME traders has been completed, according to this study. Due to the need to keep up with the rapid advancements in information and technology, non-cash transaction payments are being used. The respondents have implemented server/e-wallet-based non-cash payment methods in their restaurants. The majority of MSME traders use server-based payments (Sihaloho et al., 2020). Based on the results of the interview, "Wajik Bahagia Ai Restaurant" still prefers cash payments because it is considered easier and more effective. However, as the digital era advances, server-based payment transactions (e-wallets) still need to be adhered to and used.

Some of the functions of e-wallet payments at "Wajik Bahagia Ai Restaurant" include:

1. Improved security

The existence of an E-Wallet can reduce the risk of criminal acts occurring, such as transactions using counterfeit money. Another risk that can be avoided by using an e-wallet is cash theft at the location where the restaurant is located.

2. Ease of Transactions

The transaction process will be faster and more efficient if you transact with an e-wallet. Such as reducing the need for the availability of change, thus speeding up service.

3. Better Financial Management

Using an e-wallet can make financial bookkeeping easier, due to the complete transaction history. Financial bookkeeping can also be done automatically without having to count cash manually.

4. Increase Competitiveness

Gives a modern impression and follows technological trends, which can improve the restaurant's image and expand market reach because many modern consumers prefer to use e-wallets because of cashback programs, discounts or reward points, especially among the younger generation such as Gen Z.

At his eatery, the respondents use the e-wallet program to select non-cash payments. The primary factor is the widespread usage of e-wallet apps on cellphones by consumers. OVO, GOPAY, and DANA are a few e-wallet products that make use of the digital payment

mechanisms these dealers offer (Nugrah Leksono Putri Handayani & Poppy Fitrijanti Soeparan, 2022). Aside from that, MSMEs find that using e-wallets makes financial recordkeeping incredibly simple and useful. Payment information will be kept on file for every type of transaction that has been completed. The physical wallet will be replaced by a transaction history and billing for every transaction. In the payment ecosystem, e-wallet use also creates new opportunities, such as guaranteeing that everyone with internet connection can utilize financial services from any location.

Additionally, using this e-wallet can lower the chance of illicit activity like dealing in counterfeit currency. Since MSMEs frequently lack the resources to verify the legitimacy of currency, fraudulent transactions involving counterfeit money are common. Transactions in the MSMEs we examine frequently include fake currency and are out of the MSME owners' control. In MSME enterprises, the presence of e-wallets might lower the danger of illegal activity such as this.

E-wallet transactions were implemented at the MSME "Wajik Bahagia Ai Restaurant" following the COVID-19 epidemic. Digital payments are very crucial at this time since online purchases were more common than traditional ones. The MSME "Wajik Bahagia Ai Restaurant" initially exclusively used M-Banking transactions, but in early 2020, the MSME "Wajik Bahagia Ai Restaurant" then started using e-wallet as a transaction tool, such as DANA and OVO. MSMEs "Wajik Bahagia Ai Restaurant" have not made much use of applications such as Gopay. This is because the MSME establishment "Wajik Bahagia Ai Restaurant" is located in an area with a low number of users of this application.

The MSME "Wajik Bahagia Ai Restaurant" has been using e-wallets for a while, particularly throughout the pandemic and into the post-pandemic era. Many clients were still hesitant to use cash for transactions at that time because they were worried about getting infected with the CORONA virus through cash intermediaries. Since digital payments are thought to be a safer method of transaction, customers prefer to use them. Consumers who are accustomed to utilizing electronic wallets are beginning to stop using cash.

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Due to its ease of use, the proprietor of the MSME "Wajik Bahagia Ai Restaurant" also favors using e-wallets for payment transactions. An accessible and useful instrument is the e-wallet. Transactions using e-wallets also make financial recordkeeping simpler. This is due to the fact that each transaction made using an e-wallet has a thorough and clear history. Additionally, all transactions may be traced and have unambiguous proof. But as time passes, challenges with utilizing e-wallets as a transaction instrument begin to surface.

B. MSMEs' Difficulties Utilizing E-Wallets In Transaction

According to research findings, the MSME "Wajik Bahagia Ai Restaurant" had a number of challenges when utilizing e-wallets, depending on the kind of e-wallet in use. E-wallet is one instance of this issue, which arises from delays in the customer's money entering the eatery. This happens as a result of poor internet network strength and a payment system that differs between the MSME and client sides. The referenced delay in money is caused by a fall in the paying customer's balance but no increase in the MSME business's balance. Typically, the balance remains on the application and take a long time to appear in the MSME business owner's balance.

The fact that the stuck balance is applied without ever entering the MSME business owner's balance is another issue that is not all that different. Although the funds from the customer's balance had been lowered, the funds in this task did not enter the MSME business owner's balance at all, in contrast to the prior challenge where the balance merely arrived late. Additionally, it takes a long time to process reports for the application—roughly 14 days. Although we have brought this to the attention of the application owner, the MSME business owner does not profit from the offered remedy. The money involved is typically returned to the customer's balance by the application owner rather than the MSME business owner's balance. This is clearly detrimental to MSME businesses. Due to the difficulties encountered, MSMEs increasingly give priority to using M-Banking and EDC for payments since they are more efficient and effective.

Conclusion:

The study emphasizes how e-wallets have the ability to revolutionize financial transactions, particularly for MSMEs like "Wajik Bahagia Ai Restaurant". Notable benefits of e-wallets like DANA, and OVO include increased security, ease of use, and the potential to lessen dependency on cash transactions. Additionally, they make financial recordkeeping easier by offering thorough transaction histories. E-wallets were particularly helpful during the COVID-19 epidemic, allowing contactless payments that complied with health regulations and consumer preferences for secure and sanitary transaction methods.

The study does, however, also point out important obstacles that prevent e-wallets from being fully utilized in MSME operations. Technical challenges including delayed bank transfers, differences between client and MSME balances, and lengthy dispute resolution periods—often up to 14 days—are among the main problems. For MSME owners, these difficulties lead to operational and financial inefficiencies, which are made worse by insufficient internet connectivity in some places. Additionally, MSMEs' trust and willingness to rely on e-wallet technologies are adversely affected by the uneven integration of these systems and the incapacity to effectively handle stuck balances.

The results highlight the necessity of significant advancements in e-wallet support and infrastructure, including faster dispute resolution procedures, more dependable networks, and improved payment system interoperability. Although e-wallets have the ability to modernize MSME transactions and promote financial inclusion, resolving these issues is essential to achieving their full potential and guaranteeing MSMEs receive fair benefits.

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