The Effectiveness of the Implementation of the Indonesian Standard Quick Response Payment System (QRIS) on MSMEs in Banten

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Abstract

Purpose - This study aims to provide an overview of the effectiveness of implementing the Indonesian Standard Quick Response Payment System as an alternative digital payment method that can be used by small and medium businesses

Design/methodology/approach - qualitative descriptive method is used as a research method that is applied in this study. the data in the study were taken from small and medium business owners in the province of Banten. data collection through structured interview techniques and literature study

Finding - the implementation of the Quick Response Payment System has had a positive impact in supporting the business development of small and medium enterprises. the presence of this digital payment method encourages the acceleration of the payment transaction process, easier recording of business results and up-to-date business processes so as to attract more customer spending power with the various conveniences presented.

Originality -

Keyword - Server-based Electronic Money; QrCode ; QRIS; Payment Method

Paper Type – Research Paper

Introduction

Since the beginning of 2020, the Covid-19 Pandemic has occurred in Indonesia, has had a quite drastic impact on lifestyle, namely limited social life. Of course, this creates an obstacle when people must make a payment transaction. according to survey data from the Association of Indonesian Internet Service Providers (APJII) and the Central Statistics Agency (BPS) that in 2019-2020 there were 9.9 million (78.5%) internet users in Banten Province out of 13.16 million residents of Banten Province. With the development of internet usage on smartphones, making server-based non - cash payments more widely used in society.

This is in line with Manaf Al-Okaily, et al 2020 which stated that in the era of digitalization the development of Information and Communication Technology (ICT) has driven improvements in various domains such as business, economy, education and health. In fact, active smartphone use since the end of 2019 – 2023 has increased by 7.3% of the total world population. The current development of Information and Communication Technology (ICT) is certainly a big challenge for the business sector and the world economy which is of course in a post-Covid-19 recovery condition.

Based on Bank Indonesia data as of May 2020, there are as many as 50 companies that have issued server-based electronic money. This is a number of reasons that the use of e-wallet applications is more dominant and traders have provided QR Codes that can be used for e-wallet payment systems. However, there is no server-based payment system yet which can read various types of electronic money.

From the above phenomenon, of course the Government of Indonesia together with Bank Indonesia must immediately make policy steps to overcome one of the problems of the Covid-19 Pandemic. Based on an analysis of digital financial transactions in Indonesia, which has continued to show a significant increasing trend over the past three years, Bank Indonesia is paying close attention to "accelerating the implementation of the development of non-cash transactions and to improve the payment system". The change in the payment system is one of the new innovations which is an adjustment to the ever-developing technological advances. The development of the payment system encourages an increase in the number of transactions in society, because payment is an important component in every transaction activity, whether in the sale of goods or services.

A safe and smooth payment system is the desire of the people, bearing in mind that as technology develops, the transaction value and risks that will occur will increase. Through the Quick Response Code Indonesian Standard (QRIS) launched by Bank Indonesia as a payment system regulator and as a form of digital payment facility through server-based electronic money applications, electronic wallets, and mobile banking . The QRIS system is used to facilitate fast, efficient, safe and accurate transfer of funds. The payment system cannot be separated from cash payments to electronic-based non - cash payments (Tri Kurniawati Eris, et al 2021).

Implementation of electronic-based money that is used both online and offline can facilitate economic actors in transactions, especially MSMEs. Collaboration between MSME actors and electronic money providers will increase financial inclusion and advance the Indonesian economy. The rapid development of MSMEs is accompanied by a large number of money products electronics, will make it easy for MSME players and their customers to make transactions. Making it easier for MSMEs to overcome difficulties when there is no change and customers do not have to carry a lot of cash when shopping is one of the advantages of having electronic money. This is also one way to develop MSMEs.

Literature Review
Unified Theory of Acceptance and Use of Technology2 (UTAUT2)

Financial Technology (FinTech) is a business tool presented as a financial solution for micro, small and medium enterprises. The Unified Theory of Acceptance and Use of Technology2 (UTAUT2) states that Financial Technology (FinTech) can be a tool for assessing the possibility of business success to recognize financial technology and help micro, small and medium enterprises understand the role of business technology tools (Solihat Iis, et al 2021).

Fintech development has the following objectives: a) support can be directly distributed to users: smartphones, tablets, PCs, laptops and smartwatches. b) Utilization of Cloud Technology (Google Drive, Dropbox, etc.) has the goal of centralized data collection/information storage and also financial services without the need for physical space. c) utilization of cryptocurrency algorithms that can transact globally, few intermediaries and transparency in payments. d) the use of mobile payments with better security and speed, as well as innovation in doing business and also managing finances (Wonglimpiyarat, 2018).

So far, the presence of fintech has been able to make MSMEs grow and advance in a positive direction. MSME business development that uses fintech tends to be faster and more consistent (Bernards, 2019). Of course, Indonesia has competence in the field of fintech. The presence of fintech is expected to provide impetus for the development of MSMEs in Indonesia. Often MSMEs face several problems such as capital (Darma, et al., 2020), marketing aspects (Babajide, et al. , 2020), and preparation of financial reports (Rusadi, & Benuf, 2020). The first problem with SMEs is that limited capital is something that is often encountered in SMEs. MSMEs may have business ideas to develop their businesses but must be stopped because there is no additional capital (Sadok, 2021).

Digital Payment System

Payments in general can interpreted as a transfer of a number money from the payer to the recipient. Digital payments are technology-based payments. In digital payments money is stored, processed and received in the form of digital information and the transfer process is initialized through electronic payment instruments. Payments are traditionally made through cash, check, or credit card while digital payments are made using certain software, payment cards, and electronic money. The main components of the system digital payments, among others, money transfer applications, infrastructure networks, rules and procedures govern the usability of the system.

In Law no. 23 of 1999 concerning Bank Indonesia, in article 1 point 6 it is explained that the Payment System is a system that includes a set of rules, institutions and mechanisms used to carry out the transfer of funds to fulfill an obligation arising from an economic activity. The payment system in society must be able to guarantee the implementation of money transfers efficiently and safely so that people feel comfortable in carrying out every transaction in economic activity.

According to Anita (2013) explained that what is meant by digital payments are payments that utilize information and communication technologies such as Integrated Circuits (IC), cryptography and communication networks. Digital payments that we know and already exist in Indonesia today include phone banking , internet banking , credit cards and debit cards or ATMs. Even though the technology used varies, all of these electronic payments are always directly linked to the bank customer accounts that use them. In this case, every payment instruction made by a customer, either via phone banking, internet banking, credit card or debit card or ATM, always goes through an authorization process and will be charged directly to the customer's account.

Digital payment systems provide payment methods for purchasing goods or services via the internet. Unlike the usual payment system, the customer sends all data related to payment to the seller via the internet, there is no remote external interaction between the customer and the seller (by sending an invoice via email or confirmation via fax). Currently, there are more than 100 kinds of electronic payment systems.

Quick Response Indonesian Standard (QRIS)

The success of QR code-based payments in several countries has inspired several leading banks in Indonesia to conduct trials of QR code-based payment services since 2017, mostly at food and retail outlets. QR codes may offer more effective electronic payments for food and retail outlets. According to the data, payments such as debit/credit cards involve installment payments and maintenance of Electronic Data Capture (EDC) machines on the part of the merchant, therefore the retention costs are higher. All parties conducting a trial QR code payment must register and operate under the supervision of Bank Indonesia.

As stated in the provisions of the Regulation of Members of the Board of Governors Number 21/18/PADG/2019 Concerning the Implementation of the Quick Response Code National Standard for payments in article 1, this has led to an increase in the use of electronic money in payment activities. Every Payment System Service Provider (PJSP) that uses the QR Code as a means of payment must have a license from Bank Indonesia and use a QR Code bearing the QRIS logo. This QR Code is available in applications such as DANA, LinkAja, OVO, Go-Pay, and Shopee Pay, and other applications that will automatically deduct the balance if the user makes a payment transaction.

Quick Response Indonesia Standard (QRIS) is a QR Code payment standard for Indonesian payment systems developed by Bank Indonesia and the Indonesian Payment System Association (ASPI) to make payments easier and safer.

The types of transaction mechanisms using QRIS are divided into two, namely:
1) Merchant Presented Mode . In the merchant presented mode, the customer will scan the QRIS that appears at the merchant when making a payment. QR Code Merchant Presented Mode is divided into two types, namely (a) Static QR Code contains a merchant ID and is fixed, displayed on a sticker or print out (the QR is generated once). The transaction nominal is inputted by the customer on the customer's device car . (b) Dynamic QR Code is generated in real time at the time of transaction so that the QR Code is different for each transaction. The transaction nominal is inputted by the merchant.
2) Customer Presented Mode . Unlike the previous types, Customer Presented Mode uses a QR Code that is owned by each customer to make payments. The QRIS is then scanned by the merchant according to the application used by each customer.
3) QRIS provides a more efficient alternative to non-cash payment methods. Through the use of one QR Code standard, goods and service providers (merchants) do not need to have different types of QR Code from different publishers (Goleman, Daniel; Boyatzis, Richard; Mckee & Perdana, 2018).

Small and Medium Enterprises (MSMEs)

Small and Medium Enterprises (MSMEs) have different definitions in each literature according to several agencies or institutions and even laws. In accordance with Law number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), MSMEs are defined as follows:
1.   Micro enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law.

2.   Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches companies that are owned, controlled, or become a part either directly or indirectly of Medium Enterprises or Large Enterprises that meet the criteria for Small Enterprises as referred to in this Law.

3.   Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with Small Businesses or Large Businesses with total net worth or annual sales proceeds as stipulated in this law .

MSMEs in Indonesia have the following characteristics. First, MSMEs do not require large capital as large companies so that the formation of this business is not as difficult as a large business. Second, the required workforce does not require certain formal education. Third, most of them are located in rural areas and do not require infrastructure like big companies. Fourth, MSMEs are proven to have strong resilience when Indonesia is hit by an economic crisis (Sudati Nur Sarfiah et al, 2019).

Research Methodology

Descriptive qualitative method was used in this study because the research focused on the state of natural objects and the researcher as the main instrument in this research. (Sugiyono, 2016). A qualitative approach with a descriptive method was chosen in this study because this research focuses on the effect of the application of Payment Gateway -based fintech by MSMEs. In this study, the researcher will determine the research topic that is developed on the background that is used as the researcher's thoughts, which then determines the formulation of the problem, namely regarding the application of payment gateway -based fintech . From the formulation of the problem will be determined research objectives. To be able to answer the formulation of the problem, theories are needed to support this research. In the process of collecting data, researchers first made observations on fintech applications to find out data about MSME actors who implement services. Furthermore, the researchers made observations in the field to ensure that it was true that the business was implementing fintech. The data collection method was carried out by conducting interviews to find out the answers to the formulation of the problem and carrying out documentation in the form of photographic evidence when conducting interviews. After the data is collected, the researcher analyzes the data to be presented and can obtain the results of the research. Data analysis was carried out and then presented and obtained research results, then conclusions and suggestions were drawn.

Finding

Small, Micro and Medium Enterprises are an important part of a nation's economy. Because of this important role, the government continues to make efforts to develop MSMEs. Therefore, support from various groups is needed to strengthen MSMEs through increasing human resources (HR) as revealed by Suyatno (2000) that in order to increase the competitiveness of MSMEs, it is necessary to increase their technological capabilities and innovative creative power. Increasing technological capabilities has a direct relationship with economic progress.

The government, in collaboration with Bank Indonesia, has launched a Financial Technology (fintech) system that standardizes all server-based non-cash payments that use the

QR Code as a transaction. The payment system is Quick Response Indonesia Standard (QRIS). The QRIS implementation was carried out on January 1, 2020 in Indonesia. The application of QRIS is prioritized first for MSME traders. QRIS is a program that can improve MSMEs.

The use of QRIS in Banten Province has been implemented by MSMEs. Buying and selling transactions for MSME products choose to make non-cash payments using digital wallet applications in stores and outlets using QRIS. This implementation was carried out because of the desire of the community and MSME traders to keep abreast of technological and information developments. The form of QRIS that is available in shops for MSME traders is a static form (in the form of a sticker or other form). Placement of the QRIS sticker is usually placed on the shop wall, cashier's counter, and glass fittings that can be scanned by customers. Customers who make payments with QRIS must have an e-wallet (digital wallet) application on their smartphone. That way, it will increase the speed of making transactions.

As is the case with several MSMEs in Lebak Regency who have used QRIS in their shops, it's just that they don't use it every day, due to several problems with some MSMEs. This obstacle is where traders do not understand the QRIS work system. However, the implementation of QRIS greatly simplifies and speeds up the transaction process, so merchants do not need to provide many QR Codes in their stores, they only need to provide one QRIS which can accept all transactions from various server-based payment instruments.

In line with this, KPw BI Banten is intensively conducting socialization activities to provide information to the public and MSME players regarding the launch and use of QRIS. In addition, the obstacle to using this server-based payment system is the lack of strong internet network, which sometimes hampers the transaction process. The existence of QRIS greatly supports merchant transaction processes and maintains income security. The increase in the daily income of MSME traders is due to the implementation of QRIS. This increase in revenue will increase financial inclusion for MSMEs and the country's digital economy, especially in Banten Province.

Conclusions

Based on the results of data analysis and discussion in the previous chapter , the researchers concluded that the Quick Response Indonesia Standard (QRIS) could help the development of MSME actors. The application of the QRIS payment system for server-based payments has been carried out by MSMEs in Banten Province. QRIS has an influence on the development of MSMEs. However, its implementation was hampered by several obstacles such as the lack of understanding of MSME players about the QRIS work system and the lack of strong internet networks that hindered transaction activities.

MSMEs have an important role for the Indonesian economy, namely as a means of equalizing the economic level of the common people, a means of alleviating poverty, and a means of earning foreign exchange for the country. For the contribution and role of MSMEs, it is important for the government to continue to support MSMEs through strengthening so that their role as a pillar of building the nation's economy can run optimally.

Based on the results of the research and discussion that the researchers discussed previously, the researchers provide the following suggestions: For Bank Indonesia and Payment System Service Providers (PJSP), it is advisable for Bank Indonesia to conduct regular and ongoing smartphone use training for MSME players together with PJSP in implementing transactions using QRIS. For traders (merchants) , MSMEs should be able to support Bank Indonesia's policies in implementing QRIS. Because this policy is an efficiency provided by Bank Indonesia to facilitate and expedite payment transactions.For Electronic Money Users , as users, they should be more careful when making transactions using the QR Code, make sure the QR

Code used is correct and meets the standards of Bank Indonesia, hereinafter referred to as QRIS. So that transactions are carried out more safely and securely.

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