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## Encouraging MSME Digitalization Through Introduction and Assistance of the QRIS Digital Payment System

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### Abstract

In the digital age, traditional payments have shifted to digital payments, which offer convenience through methods such as credit cards, digital wallets, and QR code transfers. While this transformation brings benefits, challenges such as data protection and system issues remain. In Indonesia, digital payments are growing in line with increasing internet penetration, but areas with low digital literacy face obstacles in accessing its benefits. Digital banking can help local economies and MSMEs, although the gap between rural and urban areas still exists due to uneven infrastructure. Banks need to invest in digital systems to improve service accessibility and efficiency

**Keywords:** *MSMEs, Digital Payments, QR Codes*

## INTRODUCTION

In this advanced digital era, payment methods covered by banks, which were originally conventional payments, have become digital payments and have become a crucial component in daily life. The use of payment methods in banking such as credit cards, digital wallets, online transfers with QR, provides significant convenience, speed, and security in financial transactions. However, various problems arise along with these innovations and transformations. Banks must continue to increase investment in information security infrastructure and develop strict privacy policies because one of the main challenges they face when adopting digital banking is information security and customer privacy. This is because the successful implementation of advanced technology requires a robust security system to protect sensitive customer data (Muchamad N et al., 2024).

As a result of a survey by the Indonesian Internet Service Providers Association (APJII), internet penetration in Indonesia reached 78.19% in 2023, or 215,626,156 people out of 275,773,901 people. In this case, an internet connection for digital payments is not a problem. Instead, the problem arises in individual trust in the digital payment process. According to Ahmad (2021), security in payments via QR is divided into three, namely system security, transactions, and law. Security issues are very important in the case of mobile QR payments as it involves financial services and this will ultimately affect the decision to adopt a mobile payment system for users (Ibrahim et al., 2019). The security of mobile QR payment systems can be considered safer compared to online credit card payment methods (Kang, 2018), but concerns about the perceived security of mobile payment systems create barriers in the implementation of QR payments. This will make the fear of online cybertheft, fraud, and passive secrecy an obstacle for consumers to refuse to use mobile payments (Alanezi, 2015). Concerns/anxieties are encountered in many individuals in the process of adopting conventional payments to digital payments. Specifically, anxiety can also refer to the fear of making serious mistakes or losing data while using technology (Venkatesh & Davis, 2000). Users often experience mixed feelings when it comes to interacting with information technology, such as fear, stress, refusal to learn to use it, and loss of control over their work lives. In other words, anxiety about information technology can hinder a person's ability to learn to use it. (Korobili et al., 2010). In the end, people who do not implement digital payments force them to continue to rely on traditional payment methods such as cash or cash.

In addition, the low level of digital literacy is also a significant obstacle. Many individuals in areas that are less accessible by digital technology are not familiar with or do not have enough knowledge about how to use digital payment tools. Without adequate training and education, the adoption of this technology can be a major challenge, creating a gap in access to and use of digital financial services. Therefore, the public considers the transition to digital payments to be complicated.

Another issue to note is the limitations of devices that support digital payments. In some areas, the availability of devices such as smartphones or computers that are compatible with digital payment applications is still relatively low. These limitations exacerbate the gap in terms of financial accessibility and inclusion, especially among low-income people who may not be able to afford the latest devices or pay high internet subscription fees.

Banks must be available to people in all provinces of Indonesia (Novia Ningsih, 2015). However, in reality, the lack of digital payment coverage also has an impact on economic integration and financial inclusion. The absence of digital payment systems is often out of reach of official banking services, which can hinder local economic growth and halt the growth of small and medium-sized businesses. Because those who do not have access to digital technology tend to lag behind in terms of economic opportunities, this can exacerbate economic disparities between developed and disadvantaged regions. Digital payments are supposed to be the solution for areas where formal banking services cannot achieve this.

According to Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises, as amended by Government Regulation in Lieu of Law (Perpu) Number 2 of 2022 concerning Job Creation, Micro, Small, and Medium Enterprises (MSMEs) are types of businesses that have the ability to increase employment and provide various economic services to the community. They also have the ability to encourage economic growth and improve the welfare of the community (Book of Entrepreneurship and MSMEs).

MSMEs are a business that involves various components such as capital, capital and worker management as well as a clear organization, production to marketing. All aspects of MSMEs involve two major aspects, namely human resources and production units. Therefore, 2 general aspects that must be considered because they will affect success in entrepreneurship. Small and medium-sized enterprises (MSMEs) must be able to overcome global challenges such as product and service innovation, human resource and technology development, and marketing space expansion. This is necessary because MSMEs are in the midst of globalization and intense competition. Considering that MSMEs are the economic sector that is able to absorb the largest workforce in Indonesia, this needs to be done to increase the selling value of MSMEs themselves, especially so that they can compete with foreign products that are increasingly flooding industrial and manufacturing centers in Indonesia (Sudaryanto, 2011). Micro, small and medium enterprises (MSMEs) have the ability to increase employment and provide various products or services to the community. MSMEs have the ability to drive economic growth, increase people's income, and contribute to national stability.

Wijoyo & Widiyanti (2020) mentioned that at least 9.4 million small and medium enterprises (MSMEs) have used digitalization in their operations. Small and medium businesses (MSMEs) can take advantage of digitalization to become more competitive in domestic and international markets. Indonesian consumers are used to buying goods online. Fintech facilitates transactions for the community or MSMEs by applying digitalization or information technology. The spread of digital consumers in Indonesia is driven by advertising, e-commerce, and financial services (Slamet et al., 2016)

Implementing information technology or digitalization is one approach that can be used to revitalize MSMEs. Implementing digitalization in MSMEs has many advantages, one of which is the ease of payment with this technology (Nugrah et al.,) One of the technologies that is currently crowded and widely used is QRIS. Bank Indonesia introduced QRIS on August 17, 2019, but it only came into use on January 1, 2020. QRIS aims to combine all transactions that occur in various fields. Bank Indonesia issued a QR code that is customized to a standard called QRIS (Quick Response Code Indonesian Standard). All QR code-based payment apps, such as OVO, GoPay, LinkAja, Dana, and others, can use them, while consumers can use digital wallets, mobile banking services, or server-based electronic money. The implementation is as follows: Bank Indonesia uses GPN (National Payment Gateway) for ATM transactions, while QRIS for QR transactions is used by many people, ranging from small traders to shops in malls. QRIS is not a new application or payment instrument; rather, it is an interface that facilitates transactions by printing on plain paper (Bank Indonesia, 2019).

## METHOD

Method of Community Service Implementation:

1. Observation stage. At this stage, observations were made on several MSME activists in Dukuhwaringin Village and collected data through interviews to identify needs and challenges related to the adoption of the QRIS payment system.
2. Socialization stage. At this stage, material related to what QRIS is, how it works, the benefits that can be obtained from its use, and the importance of business digitalization are presented.
3. Individual mentoring level. At this stage, assistance is provided to MSME activists who will register their businesses with PJP (Payment Service Provider) which is officially licensed by Bank Indonesia so that they can receive transactions through QRIS.
4. Evaluation Stage. At this stage, an evaluation of the interest and adoption of QRIS in MSME actors in Dukuhwaringin Village was carried out.

## RESULTS AND DISCUSSION

The process of implementing activities to introduce and assist the use of QRIS for MSMEs in Dukuhwaringin Village began with initial observation of MSMEs in the village. The assistance team conducted a field visit to identify the needs and challenges faced by MSMEs related to the adoption of digital payment technology. These observations involved interviews with MSME owners, data

collection on the payment methods used, and an understanding of their digital literacy levels. Based on the results of the observations, the team developed a training strategy that was in accordance with the specific needs of MSMEs in the village.

After the observation, the activity continued with a socialization session explaining the importance of digitizing business transactions and the benefits of using QRIS. In this activity, socialization participants were given a detailed explanation of what QRIS is, how it works, and the benefits that can be obtained from its use. In the socialization, it was also explained the importance of digitalization in business which can increase the efficiency and competitiveness of MSMEs. The participants learned that QRIS is not only used as a means of payment, but also an important step towards digital transformation to face current and future economic challenges.



Figure 1. Implementation of QRIS Socialization



Figure 2. Individual Assistance

With the presentation of clear and practical material, socialization related to the QRIS payment method can provide new information and a broader understanding. The public has become more aware of the convenience and advantages offered by QRIS. They understand that QRIS allows faster, safer, and more efficient transactions without the need to rely on cash. This awareness encourages MSME actors to start considering and adopting QRIS as part of their payment system.

The next stage is individual mentoring, where the team assists MSMEs in the process of creating and registering QRIS at PJP (Payment Service Provider) officially licensed by Bank Indonesia so that they can accept transactions through QRIS. The assistance team provides direct guidance to ensure that each MSME can understand the necessary steps. The team helps overcome any technical obstacles that participants may encounter during registration. With this direct approach, MSMEs can more easily and quickly adopt QRIS in their operations.

The introduction and assistance of digital payments through QRIS aims to facilitate the community in adapting to technology. Nowadays, technology has become a vital element in daily routines, where its advancement affects many aspects, including the business world. The implementation of technology has a major impact on MSME operations and has the potential to encourage the digitalization of this sector. The digitization of MSMEs is able to achieve its full potential with several important elements such as digital sales, digital payments, and digital finance. The presence of a digital payment system facilitates economic activities, even in remote areas.

In an effort to introduce QRIS to MSMEs, it is very important to create a positive perception of this payment system as an attractive transaction option. The security aspect is a major concern because it is a key factor in attracting user interest in E-Payment (Pringgadini & Basiya, 2022). This introduction and mentoring effort focus on convincing MSME owners that QRIS is a safe and reliable payment system. In addition to the safety factor, ease of use is also a crucial point. Both MSME actors and customers tend to choose a system that is easy to operate, and QRIS offers this convenience. Barcode scanning systems are an efficient and time-saving payment method (Ramadhan & Subari, 2022). In this assistance, special attention is given to ensuring that MSME owners understand and can operate QRIS easily, so that they can make optimal use of this platform.

Reducing the need for change, which can take time if there are many buyers, is one of the benefits felt by MSMEs. In addition, there are efforts to increase the financial awareness of MSME owners; The National Non-Cash Movement (GNNT), which aims to reduce the use of cash in transactions, also implements QRIS (Lestari et al., 2021).

The results of the evaluation of this introduction and mentoring activity show that there is an increase in interest among MSME actors in Dukuhwaringin village to use digital payment systems, especially payments through QRIS. There are MSMEs that have been successfully assisted in the process of making and registering QRIS and given guidance on how to use it. Those who have signed up are showing enthusiasm to start implementing QRIS in their daily transactions, showing positive potential in the adoption of this technology.

However, there are still some MSMEs who have not registered because they feel that the process is still too complicated and takes time to understand. However, it is hoped that the material that has been presented during this activity can be considered for them in implementing a digital payment system in the future. Technology adoption cannot happen instantly. This process takes time to build trust and increase public interest in using it. Therefore, more intensive and sustainable socialization needs to be carried out by various parties, including QRIS platform providers, so that more MSMEs are interested and confident in adopting this digital payment technology.

## CONCLUSION

Digital transformation, including the QRIS digital payment system, has become an important part of global economic life. The use of digital payment methods such as QRIS can provide convenience, security, and efficiency that are urgently needed by business actors, especially MSMEs in the digital era. However, the adoption of this technology cannot be separated from challenges, such as low digital literacy which causes anxiety due to lack of knowledge. Through the QRIS introduction and mentoring program for MSMEs in Dukuhwaringin Village, it can be concluded that increasing digital literacy and intensive mentoring play a role in encouraging the adoption of digital payment technology. The program has succeeded in increasing interest and awareness among MSMEs on the benefits of using QRIS, although there are still some business actors who are experiencing difficulties in the adoption process. Overall, digital transformation, especially in the MSME sector, is an important step in facing global economic challenges. The success of MSME digitalization does not only depend on technology, but also on the readiness and support provided to MSMEs. Continuous efforts are needed from several parties so that all levels of society can benefit from this technological advance, so that more equitable and sustainable financial inclusion can be created.

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