Digital Wallet as a Transaction Media in The Community

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Abstract. The purpose of this research is to analyze and determine the level of effectiveness and efficiency of digital wallets as a medium for transactions. Digital wallets bring the concept of cashless society. This study used descriptive qualitative research method by doing literature study of various research and handing out questionnaires. The results of this study indicated that digital wallet users are increasing overtime. The number of smartphone users is one of the various aspects triggering the increasing use of digital wallets. However, using a digital wallet certainly has advantages and disadvantages. Based on the results, the use of digital wallets will continue to increase, with the development of internet-based electronic systems that are increasingly sophisticated every year. Therefore, it is possible for countries to switch from conventional financial transaction activities into electronic financial transactions.

1. Introduction

The development of information technology has brought changes to all aspects of human life, one of which is the creation of digital wallets. Online trading also became a trigger for businessmen in exploiting the opportunity to utilize online transactions. Digital wallet was first recognized as a tool for saving money in electronic form, but it became popular because it is suitable to provide a convenient way for internet users to store and use shopping information online. According to Soegoto, information technology makes businesses more responsive, fast, easy, cheap, efficient, effective, transparent, and flexible in modern business systems to improve performance, competitive advantage, and company profitability [1]. As times flow, companies are utilizing this technology to create more advanced business opportunities for the continuity of their businesses.

Digital wallet is a part of electronic money which is one of the innovations in payment instruments [2]. Electronic wallet is a digital payment instrument that uses server-based electronic media. In general, digital wallets are in the form of application based on the server and requires a connection with the publisher. Networks, like the internet, contain information that users need. The information contained in the file can be determined by a Uniform Resource Locator (URL) which is basically the address that determines the computer and the location of the file on said computer [3]. The internet continues to develop rapidly and has become one of the most important communication and information environments today [4]. With the digital wallet, transaction in the current technological era became easier. Transaction processing systems provide tools to facilitate or automate application programming, execution, and administration [5]. Electronic wallet is a program or web service that allows users to store and control their online shopping information, such as logins, passwords, and shipping addresses as well as credit card details in one central place [6]. Nowadays, many companies have chosen to use the technology system in each of their business activities, one of which is the existence of a digital wallet. If the user decides to make a purchase or show credentials to get access to certain types of services, the server starts sending information to the service [7]. New sophisticated cryptographic
credentials such as offline digital cash, are directly accommodated by the architecture as well. This proved to be a generalization of the concept of electronic wallet, which was developed on the Internet of European research projects such as CAFE, and subsequently in different directions in the Mondex system [8]. David Chaum from the University of California first published the idea of making a cryptographic-based payment method with a product called DigiCash that can maintain the confidentiality of the owner's data. Cryptocurrency arises as an answer to the problems faced by the current payment system that relies heavily on third parties as a payment product issuer company that is trusted to manage digital transactions such as Visa, MasterCard, PayPal, etc. Cryptocurrency is the name given to a system that uses cryptography to carry out the process of sending data securely and to process the distribution of digital tokens in a scattered manner [9].

The purpose of this research is to analyze and determine the level of effectiveness and efficiency of digital wallets as a medium for transactions. With this research, the importance of digital wallet can be found out. This study used descriptive qualitative research method by doing literature study of various researches and handing out questionnaires to communities.

2. Method

This study used descriptive qualitative research method by doing literature study of various researches and handing out questionnaires to communities. This study prioritized more on the discovery of problems in data quality rather than the amount of samples taken.

3. Results and Discussion

With the existence of a digital wallet, significant changes occurred to transaction activities, especially in the business world. The transactions include collections of operations on transactional states of physical and abstract applications. However, only the majority of people have utilized digital wallet as a transaction tool today. Transaction tools are instruments issued by third parties to facilitate transactions by guaranteeing the identity and/or trust of the user [10]. Even though there are still those who prefer to conduct conventional transactions. The strengths and weaknesses of digital wallet provides the opportunity to conduct a study in order to find out the efficiency and effectiveness in making transactions using these tools. The data were obtained from a questionnaire given to a number of communities as a sample analysis which is going to be a reference in the final result of this study.

From the obtained graphic results, many people did know about digital wallets. However, there are still a minority of people who did not know what digital wallet is. Socialization about digital wallets is needed in order to give insights to people who currently did not understand about digital wallet. Hence digital wallet can continue to keep in touch of the current technological advances (See Figure 1).
Based on the survey results obtained, most people knew about OVO digital wallet service rather than other digital wallet services. The second largest known digital wallet is Go-Pay, and DANA takes the third position. A good marketing strategy is a supporting factor for OVO as a digital wallet service. This can be a challenge for other digital wallet services to further enhance their marketing strategies (See Figure 2).

Rapid technological advancements has changed the transaction activities among the people. From Figure 2, almost all of the respondents have used digital wallets. A small number who do not use digital wallets, may still feel comfortable using conventional transactions. Yet when viewed from the level of effectiveness and efficiency using a digital wallet, it can make it easier for every transaction made in the current technological era (See Figure 3).
Figure 3. Digital Wallet Users

Although there are still some who do not know and do not use a digital wallet, the survey results showed all of them assume that using a digital wallet is not difficult. It is because people do understand the current technological system always makes it easy for every activity. The desire of each individual is one of the factors that makes knowledge and use of digital wallets uneven as payment services at present (See Figure 4).

Figure 4. The difficulty level of using a Digital Wallet

Based on the survey results, current technological advances increasingly facilitate various activities in human life. One of them is the existence of payment services using a digital wallet. The level of effectiveness and efficiency has also been seen with more and more people using digital wallets, especially in Indonesia. Bank Indonesia has issued a policy to use payment services using digital wallets. Based on research that has been done, not all customers who shop online in Indonesia make online payments. The results of the Indotelkom survey (2012) found that of all online transactions, the majority of payments (around 70%) were made by bank transfer to an account, and the rest (around 30%) was achieved using a credit card. This result is consistent with the results of a survey conducted by Baskoro
(2011) where out of 224 respondents from e-commerce users, 178 respondents made payments via bank transfer, 36 respondents chose to pay in cash, eight respondents used credit cards, and only two respondents paid using PayPal. This shows that payment using a digital wallet is not yet quite popular in Indonesia. So, in marketing and outreach about digital wallet needs to be improved again.

4. Conclusion
The use of digital wallets has made a good change in transaction activities in the community. Its development is quite fast compared to the development of technology and information today. Now, digital wallet is not only used in urban areas, but has begun to spread to other regions. Starting from transactions in large e-commerce to the MSMEs now have used a transaction system using a digital wallet. It’s aims is to provide convenience and convenience of transactions for its users. In addition, the use of this digital wallet is supported by Bank Indonesia to make it easier for each transaction carried out. However, the use of digital wallets is inseparable from the various risks that must be accepted for its users.

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