

# How is the Impact of Non-Cash Payment System on Sales of Micro, Small and Medium Enterprise?

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**Abstract**—The purpose of this study are (1) to analyze the impact of non-cash payment systems on MSMEs sales, (2) to analyze the expectations of MSMEs related to non-cash payment systems, (3) to analyze whether non-cash transactions can facilitate the recording of MSME accounting. Data was obtained through a survey of 10 MSME owners of the food and beverage sector in West Jakarta. The analysis technique is descriptive qualitative. The results showed that most MSMEs felt the positive impact of non-cash payment system that (1) could increase sales by around 10% -20% because of the offered cashback, (2) had no trouble finding change money, (3) avoiding debt by buyers because there is a pay later facility, (4) safe because they don't hold large amounts of cash. Obstacles felt by MSMEs are (1) absence of bank accounts, (2) there is an error in the network and the transfer of the results of sales transactions to MSME banks that are late. MSMEs also feel the positive impact of the non-cash payment system on their accounting records. This helps them record sales transactions whose reports are sent via e-mail. It can also avoid corruption or manipulation of sales results by its employees even though there are still MSMEs that make manual records to compare the results sent by financial technology companies with their records.

**Keywords**—*fintech, Indonesian MSMEs, non-cash payment, accounting record*

## I. INTRODUCTION

MSMEs provide a major role for economic growth in developing countries such as Indonesia. But on the other hand, there are obstacles experienced by MSMEs in Indonesia, one of which is the use of technology [1]. At present, a non-cash payment system has begun to develop which is expanding among MSMEs. This system is certainly expected to facilitate the MSME business transaction process. This study wants to examine what are the impacts felt by MSMEs with the emergence of the non-cash payment system.

Technological developments make MSMEs have easier access to sell goods or services, and help record sales transactions. But there are still many MSMEs who do not follow technological developments or are often referred to as tech-savvy (technological stuttering) due to lack of information [2]. The Industrial Revolution Era 4.0 made it easy for all

transactions, for example financial transactions. Fintech or also called Financial Technology is a technology developed to compete with traditional transactions in financial terms. The fintech category includes non-cash payments, money lending, transfers and stock investments. One of the most frequently used by the public is non-cash payments via smartphones with existing applications such as Gopay, Ovo, Dana, and so on which are more effective and efficient [3].

One way to make Indonesian people more aware of using non-cash transactions is the existence of cashback provided by digital wallet services in Indonesia. With a 30% - 50% cashback, it certainly makes people more interested in using non-cash transactions and it turns out that the application of cashback yields positive results. The reason for the cashback from the Grab side is that it wants to build trust from the community and at least the community wants to try to do non-cash transactions. While from the perspective of Gojek, the impact of MSMEs is to help promote and in fact the impact of sales has doubled [4].

With the cashback from digital wallet services, people more often use non-cash transactions than cash. Even people are left behind wallets better than mobile phones, because if you want to use transportation, buy goods or food by making payments with non-cash can get cashback. Even now there is already a digital wallet pay later system that is almost the same as the credit card system & many people have finally switched to digital wallet and closed their credit cards [5].

Besides the payment system, accounting records are an important part of a business activity. Accounting records are used as a presentation of financial information, both for internal and external parties. Recording is used by management and business owners to find out the financial situation or business so they can take strategic steps in managing their finances. For external parties, recording as a material consideration in providing loans by creditors and funding by investors [6].

In reality there are still many MSMEs that do not make accounting records in their business. There is no awareness of the MSMEs about the importance of accounting records in

their business. For MSME practitioners, bookkeeping is difficult and only adds to the complexity of the work due to limited knowledge of accounting knowledge and has a mindset that accounting records are not important for MSME entrepreneurs. There are still many MSME actors who have not been able to understand the benefits in accounting records which are important in financial management. If MSMEs do not do accounting records, they cannot know their financial condition and are not well managed [7].

According to Nugroho [8], one thing that needs to be done by MSMEs to face competition is the use of technology that supports business. As a developing country, MSMEs in Indonesia are still not fully adopting, implementing and utilizing technology for their business. Nugroho [8] states that government support and competitive pressures are not components that make MSMEs ready to adopt and use technology in their business processes.

The difference from the previous research so that the motivation to do this research is the phenomenon or technological development that skyrocketed with the existence of a large non-cash payment system and cashback, so they want to see the impact in terms of MSME sales, the obstacles they face, and the impact on their accounting records. Based on the background and motivation of the study, the formulation of the problem in this study are (1) What are the impacts felt by MSMEs with the existence of a non-cash payment system? (2) What obstacles are faced by MSMEs currently in the Industrial Revolution Era 4.0? (3) Can the existence of non-cash transactions in cooperation with a fintech company help the financial recording of MSMEs?

This research uses descriptive analysis method. Data was obtained through a survey of MSMEs in West Jakarta. The results of this study are the sales of MSMEs increased by 10% - 20% with the existence of a non-cash payment system and cashback promos. MSMEs feel more secure with this system, because they do not hold too much cash and reduce fraud by employees. Some of the obstacles faced are the internet network and sometimes being late in receiving transfers of sales from fintech companies to their accounts. They are helped in recording sales transactions become easier and more detailed.

## II. LITERATURE REVIEW

### A. Industrial Revolution 4.0

The industry continues to experience development, ranging from the industrial revolution 1.0 to the industrial revolution 4.0. The industrial revolution 1.0 occurred in England in the 18th century introducing steam machines to weaving companies in order to increase productivity even higher and produce textile products. The industrial revolution 2.0 occurred at the beginning of the 20th century which discovered electric power and began to replace steam power which could make the production process faster to produce a large amount of goods. After passing through the first and second industrial

revolutions, the emergence of the industrial revolution 3.0 in 1970 is that humans began to be replaced by the existence of machines that can move and think automatically namely computers and robots. At present it has entered the industrial revolution 4.0. With the 4.0 industry, it changes everyday life or human lifestyles that are always associated with intelligent technology [9].

The emergence of the industrial revolution 4.0 opened up opportunities for big businesses namely Gojek and Grab. With the industrial revolution 4.0, it can also help MSMEs to increase and optimize their sales, although not all MSMEs have adopted technology. Therefore, it requires a training in the application of technology, MSMEs must also be prepared and adopt new developments such as market developments, technology and communication that play an important role that can improve competitiveness and manage resources efficiently [9].

### B. Micro, Small and Medium Enterprises (MSMEs)

MSMEs are an important key to economic growth. There are many factors that hamper the development of MSMEs, causing difficulties for MSMEs to open wider market access to communicate and to fulfill commitments to customers, namely adoption of technology because technology requires readiness, whereas technology can be one of the solutions that can be taken to complete the product MSMEs with quality standards.

In Indonesia, MSMEs are regulated in Undang-undang Nomor 20 Tahun 2008 [10] concerning Micro, Small and Medium Enterprises: a) Micro Business is a business owned by an individual or individual business entity that meets the Micro Business criteria as regulated in this Law, b) Small businesses are stand-alone businesses carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or part of direct or indirect efforts of medium or large scale businesses. Meet the criteria for small businesses as defined in this law, c) A medium-sized business is a business that is independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part directly or indirectly with small businesses or large companies with proper networks or annual sales results as regulated in this law.

### C. Sales

Sales is a meeting between two or more parties that interact with each other with the aim of creating, improving, controlling and maintaining an exchange of relationships that benefit other parties. Sales can mean business to sell goods and get money according to the price in accordance with the agreement that gets the final results of the business without separating in cash and credit but calculated from the whole sale. If sales increase and the cost of distribution decreases, the rate of profit also increases but conversely if sales decrease the rate of profit will also decrease [11].

#### *D. Accounting for Micro, Small and Medium Enterprises (MSMEs)*

MSMEs must be able to make financial records and manage finances properly because this is a key factor that can lead to the success or failure of MSMEs. Financial records are used as a basis for decision making in running a business, and are used by various parties to provide loans. Thus, financial records enable MSMEs to obtain various financial information in conducting their business and become the basis for preparing reliable financial reports. However, the accounting bookkeeping or recording is difficult for MSME entrepreneurs due to limited knowledge of accounting, the complexity of the accounting process and the notion that accounting records are not important for MSME entrepreneurs [7].

#### *E. Non-cash Payment System*

There are 2 types of payment systems, namely cash and non-cash payments. The payment instruments used in the cash payment system are currency, whereas non-cash payments can use the types of payment instruments namely cards, checks, crossed checks, debit notes and electronic money. Electronic money is a payment instrument that stores a number of monetary values in electronic devices in the form of stored value or prepaid products owned by consumers. Bank Indonesia and the Government are working together to form a *Gerakan Nasional Non Tunai* (GNNT) program. The number of applications in supporting non-cash transactions such as OVO, Gopay, Dana and so on can be used in various places and get cashback which tends to the Indonesian people prefer to use non-cash transactions. Non-cash transactions make transactions easier, faster and safer and can help MSMEs in Indonesia develop more [12].

The implementation of the Non-Cash Transaction System is based on the Instruksi Presiden Nomor 10 Tahun 2016 [13] concerning Prevention and Eradication of Corruption as well as Circular Letter of the Minister of Home Affairs No. 910/1867/SJ regarding the implementation of non-cash transactions at regional governments. The implementation of Non-Cash Transactions is an effort of the government in improving regional financial management, this is in accordance with the provisions of Article 283 paragraph (2) of Undang-undang Nomor 23 Tahun 2014 [14] concerning Regional Government, which mandates that regional financial management be carried out in an orderly manner, obeying the laws and regulations, efficient, economically effective, transparent and responsible by paying attention to a sense of justice, propriety, and benefits to society [15].

According to Snap cart Research in May 2019, the largest non-cash payment retail transactions were OVO (63%), Gopay (28%), Dana (7%) and LinkAja (1%). Until May 2019, OVO cooperates with 500,000 merchants, Gopay cooperates with 300,000 merchants, LinkAja cooperates with 130,000 merchants and Dana cooperates with 13,000 merchants [16].

### III. METHODS

This study uses primary data obtained through survey methods, where this research requires a truth or a fact that fits in the field through interviews with MSMEs in the Food and Beverage Sector in the West Jakarta Region. The MSMEs chosen to be interviewed are those who have implemented a non-cash payment system. Consists of 2 MSME actors in Menceng, 1 MSME actor in Taman Palem Lestari, 2 MSME actors at Taman Palem Mall, 4 MSME actors in Tanjung Duren, and 1 MSME actor in Greenville. Data is collected and analyzed using the method: (1) interviews with MSMEs, (2) direct observation to the field, (3) documentation in the form of voice notes or writing, and (4) reports, which are data changes that were originally shaped voice note becomes writing.

### IV. RESULTS AND DISCUSSION

#### *A. Results*

In interviews conducted with 10 MSME actors, there were 6 conclusions, namely (1) with a non-cash payment system, sales increased by 10% - 20% if there was a cashback, (2) the change was not too significant, only the transition from people paying cash to noncash, (3) there is a sense of security with non-cash transactions because the proceeds of the sale have entered the bank account of the MSME owner without holding a lot of cash, (4) no difficulty finding fractions to change, (5) can avoid corruption and manipulation finance by employees, (6) reduce and avoid if anyone wants a debt to MSME because of the pay later facility.

In interviews that have been conducted with 10 MSMEs, there are 5 conclusions related to perceived obstacles, namely (1) the aging factor, (2) the absence of a bank account, (3) an error in the network and the transfer of the results of sales transactions to the bank MSMEs that are only a few days later are transferred, (4) cashback that does not always exist and creates misunderstandings between sellers and consumers, (5) lack of completeness of mail so that they cannot apply non-cash payments. In reducing barriers perceived by MSME actors, the solutions expected by MSME actors are (1) cashback which is always held, (2) not late in transferring money to MSME banking banks, (3) there are no errors in barcode scan transactions (4) improvement of services and facilities from fintech companies.

Based on the results of interviews conducted with 10 MSMEs, there are 5 conclusions, namely (1) the non-cash payment system helps record sales transactions because obtaining details of sales records from non-cash transactions, (2) there are still many MSMEs that do not make their own financial records so that they trust details of financial records coming from non-cash transactions, (3) There are still many MSMEs who feel unimportant or have not benefited from recording, (4) help in more precise tax reporting, (5) more efficiency without having to lose and waste paper or registration book because the records are digital.

## B. Discussion

Based on the results of the interview above, it can be concluded that the non-cash payment system mostly provides benefits for MSMEs in their records, especially in terms of sales transactions. The results of this study are supported by research by Pelealu et al [15], that non-cash transactions are more efficient because money is more controlled and can improve financial management control.

Based on the results of the interview above, it can be concluded that the impact felt by MSME is mostly positive. Therefore, collaboration between fintech companies and MSMEs needs to be improved. On the other hand, MSMEs that have not cooperated with payment fintech, will be unable to compete with more agile MSMEs because people are interested in the cashback provided by fintech companies. Irjayanti and Mulyono stated that the government must support the sustainability of MSMEs, one of which is by increasing the security of the non-cash payment system [1].

Based on the results of the interview above, it can be concluded that there are still some obstacles faced by MSMEs related to this non-cash payment system. Fintech companies are expected to improve their services and systems so that business transactions can run smoothly.

## V. CONCLUSIONS

Based on the results of data analysis, the implementation of the non-cash payment system is not evenly distributed to all MSMEs in the food and beverage sector in the West Jakarta region because it does not meet the requirements of the requested letter. Non-cash payment systems can increase sales of 10% - 20% for MSMEs. MSMEs also feel safe because the money goes into a bank account and does not hold much cash in hand and reduces corruption. Accounting records are made easier and more detailed. MSMEs that previously did not do the previous accounting records because of lack of understanding made accounting records feel helped by the existence of non-cash transactions. UMKM hopes that the fintech company will continue to improve services and facilities including cashback to attract buyers. Thus, the non-cash payment system has positive and negative impacts. MSMEs that do not implement a non-cash payment system will be rivaled by MSMEs that use this system. Consumers are interested in making transactions because of the cashback, so MSMEs hope that this cashback facility will continue.

This research has implications for the government to support cooperation between MSMEs and fintech companies, especially in the case of non-cash payments due to the establishment of a mutually beneficial relationship between MSMEs and fintech companies. Of course, with the positive impact felt by MSMEs, their sales have increased, and so has the country's economy. The implication for fintech companies

is to improve facilities and improve services so that the satisfaction of MSMEs and consumers can increase non-cash payment transactions through their services.

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