Maximizing the Use of e-Wallet (Ovo) for SMEs in Jakarta

Ika Febrilia[1] Rahmi[1] Mohamad Rizan[1]
[1] *State University of Jakarta*

ARTICLE INFO

ABSTRACT

This activity is entitled "Maximizing the Use of e-Wallets OVO for SMEs in Jakarta". The object (target audience) of this activity is the SMEs who have businesses in the Jakarta area. The activity was held in September 2020. The speakers who attended were representatives of the OVO platform. There are still many SMEs who do not know the procedure or the use of digital wallets (especially OVO) to realize a cashless society. Besides, it was also found that SMEs were not able to maximize the use of OVO to develop their businesses. The solution offered is in the form of training for SMEs regarding the OVO digital wallet, which is a procedure that can be done to become a merchant (if they are not already using it), as well as strategies that can be done to maximize the use of OVO in transactions (if they are already using OVO). The output target of this activity is the publication of journals and social media (YouTube and Facebook).

INTRODUCTION

Current digital technology not only opens up opportunities for new business emergencies but also changes the existing payment system in Indonesia (Sinarmas, 2016). Although many people in general still use cash in transactions, the development of non-cash transactions or e-wallets has also become a very popular choice. This is evident from Bank Indonesia's data which shows that currently there are 38 officially licensed e-wallets with transaction values reaching USD 1.5 billion and is predicted to increase to USD 25 billion in 2023 (Devita, 2019).

E-wallets or digital wallets are electronic services for storing payment instrument data, namely in the form of payments using cards and/or electronic money which are used to accommodate funds for making payments (Auliya, 2018). Server-based digital wallets so require a device such as a computer, tablet, or smartphone connected to the publisher's server via the internet network if you want to carry out any transactions. Unlike the case with chip-based electronic money (e-money) embedded in the card, it does not require support for internet network connectivity to the server when making transactions.

Go-Pay, OVO, Dana, Link Aja, and Jenius are some of the most popular digital wallet brands in Indonesia. In 2019, research from DailySocial as cited in Setyowati (2019) shows that 80% of the 747 respondents use OVO and Go-Pay digital wallet services. Trust in products, consider fintech products to be rich in benefits, easy and time-saving product use, and complete services provided are various factors that make these respondents prefer cashless over conventional payment methods.

Even so, digital wallets like OVO still face many challenges in developing their products. This challenge arises from the majority of the public who still do not believe in transaction security. They still choose to use cash which is considered safer, more comfortable, and simpler (Movanita, 2018). As quoted in Setyowati (2018), reveals that this new model of payment using the Quick Response Code (QR Code) has potential problems (fraud) and has drawn the spotlight from Bank Indonesia (BI). This is because QR codes are static or can be pasted anywhere, allowing theft of user data such as personal identification numbers (PINs) to theft of user money. Another risk is related to the absence of authentication via the application and PIN so that the buyer may pretend to have paid or the seller claims to have sent the goods.

The low penetration of non-cash transactions does not only come from the public as the buyer/consumer party but also from SMEs activity, small traders, small food and beverage traders, street vendors to traders in wet markets who are still comfortable making transactions in cash. Experts argue that public education on the security and convenience of these transactions must continue to be carried out in the digital payment industry in Indonesia (Warta Ekonomi.co.id).

Another obstacle faced also arises from the side of traders who have already used digital wallets as an alternative payment method. Limited access to services and the use of products that are considered to

be inadequate are challenges that require serious handling. Until finally in 2019, OVO introduced the DanaTara financing innovation designed for SMEs as a solution for business development, cash flow management, and additional business capital (Kure, 2019). Therefore, in this activity, the implementation team targets SMEs in Jakarta as the target audience. This is not without reason considering that there are still SMEs who have not used or have not been able to maximize the use of digital payments. Bank Indonesia has launched cashless transactions since 2010. Even public services in Jakarta have also gradually used the non-cash payment system to realize the cashless society program. The program, known as GNNT (National Non-Cash Movement), is expected to reduce the burden on the central bank in printing money, while at the same time making the circulation of cash in society more controlled (Sinarmas, 2016).

This activity is also basically in line with the research that was conducted by one of the implementing team lecturers in 2019. Febrilia (2020) developed and tested a conceptual model regarding the level of acceptance or consumer interest in reusing cashless payment systems, especially the T-cash, OVO, and Go-Pay digital wallets by taking students at the Faculty of Economics, Universitas Negeri Jakarta as a sample. Technology Acceptance Model (TAM) by Davis (1989) is the basis for the preparation of the research framework, by adding 2 (two) constructs, namely perceived self-efficacy and perceived risk as has been done in Ozturk's (2016) research. Based on the description above, this activity will focus on the introduction and use of the OVO digital wallet for SMEs the possibility of the SMEs to become merchants; as well as efforts to maximize the use of OVO in transactions. Furthermore, we give this activity the title: Maximizing the Use of e-Wallet (OVO) for SMEs in Jakarta.

LITERATURE REVIEW

The payment system is a system that includes a set of rules, institutions, and mechanisms used to carry out transfers of funds to fulfill an obligation arising from economic activity (www.bi.go.id). The payment system has several components, one of which is a payment instrument, which is currently growing from cash-based to non-cash payment instruments. Cash payment instruments generally use currency, namely banknotes and coins. Meanwhile, non-cash payment instruments can be paper-based, such as checks and bilyet giro; card-based, such as ATMs, credit cards, debit cards, and prepaid cards; as well as a paperless payment instrument that utilizes technological sophistication, namely in the form of electronic funds transfers (www.bi.go.id).

Electronic payment instruments are divided into 2 (two) categories, namely electronic money and electronic wallets (or digital wallets or e-wallets). The following is a table 1 that shows the differences between the two as follows:

Table 1.

The Differences Between Electronic Money and Electronic Wallets

The Distinguishing Factors	Electronic Money	Electronic Wallets
Base	Chip-based so it doesn't require internet network connectivity.	Server-based so it requires devices such as computers, tablets, or smartphones that are connected to the publisher's server via the internet network.
Registration	People can just buy e-money in some merchants or convenience stores with no registration required.	E-wallet is different as the user must fill in clear and complete registration to use it, just like making an e-mail account.
How to Use	Can be used for various daily non-cash transactions.	Usage is still limited because the user must use the main service of the e-wallet issuing operator.
Balance Limit	Maximum balance of IDR2,000,000	Maximum balance of IDR10,000,000.
User Segmentation	Most people tend to choose e-money because it's simply a physical card that easy to use.	Most of the e-wallet segmentation itself are online shoppers and they need to install the application to run their daily activities.
Security	Not equipped with security features. If the user is careless and loses the card, then other people can use the remaining balance for transactions.	Has the advantage of the security of user balances. This is because the use of e-wallets is based on the wallet owner's cellphone number and is added with a unique pin code.

Source: www.dbs.id (2019)

MATERIALS AND METHODS

The needs analysis in the form of discussions with SMEs in Jakarta will be carried out as a starting point. This analysis is to find out their need for practical payment instruments following technological developments, as well as the obstacles they face while using these non-cash payment instruments, given the increasing use of digital wallets in society.

Besides, the implementation team also considers training materials that must be made relevant to the participants' needs. Following the provisional needs analysis previously described, the implementation team conducted a material mapping, which was divided into a) introduction of the OVO digital wallet non-cash payment instrument and its benefits; b) simulation in the form of procedures to become a merchant on the OVO digital wallet platform; and c) strategies that can be carried out in maximizing the use of the OVO digital wallet in transactions.

This implementation team seeks to develop training by not only introducing the OVO digital wallet non-cash payment instrument and its benefits to SMEs players but also inviting them to apply this practical payment instrument through a simulation. For those who already use the OVO digital wallet in their daily transactions with their customers, they can find out the strategies or tips and tricks to maximize the use of OVO.

The stages carried out in this activity include:

1. Activity preparation

    The team will make various preparations, which include:

    a) Coordinating with SMEs in Jakarta to analyze needs in detail as well as determine the time and duration of activities.

    b) Identify and recruit participants.

    c) Contact a source who is a representative of the OVO digital wallet to directly explain the benefits of payment instruments; show the procedures that must be done by traders to become merchants; as well as providing various tips to maximize the use of OVO.

    d) Prepare a place to carry out activities and matters related to administration.

2. Implementation of Activities

    This activity was carried out in September 2020 through Zoom Meeting, with more than 30 participants who are SMEs in Jakarta.

3. Activity Evaluation

    This training activity will be evaluated by looking at the following achievement indicators:

    a. All training participants who are SMEs in Jakarta can understand the OVO digital wallet non-cash payment tool and its benefits.

b. Training participants can apply the OVO digital wallet non-cash payment instrument as part of their daily transactions by becoming merchants.

c. Training participants can find out strategies that can be used to maximize the use of OVO.

The targets of the training activities are SMEs who have businesses in Jakarta. With a cashless system introduced to traders, it is hoped that transactions that occur with their customers will be simpler, faster, and more secure.

This training will be conducted using the classical method, which is in the form of an explanation of the resource person through a presentation regarding the OVO digital wallet non-cash payment instrument for 15 minutes. The next 30 minutes will be used by the resource person to demonstrate the procedure to become a merchant on the platform through a simulation, as well as strategies that can be used to maximize the use of OVO. Furthermore, at the end of the training session, discussions and questions and answers will be held between the speakers and the audience within 15 minutes.

RESULTS AND DISCUSSIONS

The activities with the theme maximizing the use of OVO digital wallets for SMEs in Jakarta were held on Wednesday, September 9, 2020, virtually through the Zoom application. The activity had a setback from the planned implementation time due to the pandemic conditions of the Covid-19 outbreak that had attacked the world, causing adjustments in various aspects of life. Activities that were originally planned to be carried out face-to-face have also finally been carried out virtually to support the "At Home Only" movement which aims to suppress the transmission of Corona disease.

Previously, the implementation team for activities distributed electronic pamphlets to disseminate information about activities and recruit participants from SMEs. Participants are limited to around 100 people to keep the activity effective and this target met. Participants who have registered are collected into one WhatsApp group to facilitate communication and coordination. SMEs who participated came from various types of businesses, but most of them were dominated by food and beverage businesses, which amounted to nearly 60%. The remaining 40% is engaged in clothing, handicrafts, entrusting services, credit, facial care, and others.

In terms of length of business ownership, participants were dominated by ownership length of less than 1 year, namely 59 people, followed by the business length of 1 to 5 years totaling 36 participants, and the rest for business lengths of more than 5 years to 10 years as many as 7 people. Seeing this, there is a possibility that the business that is just running is the impact of the pandemic, which encourages people to move from home so that some people finally try to start a business.

When viewed from business income, the majority of participants are 44 people with an income below 500 thousand rupiahs per month, 20 people have an income of 1 million to below 5 million rupiahs per

month, 19 people have an income of 500 thousand to below 1 million per month, 13 people have an income above 5 million rupiahs per month, and at least 6 people with an income of 2.5 million to under 5 million rupiahs per month. Meanwhile, the majority of business expenses are under 500 thousand rupiah as many as 47 people, followed by 500 thousand to under 1 million rupiahs with 26 people, 1 million to under 2.5 million rupiahs for 15 people, above 5 million rupiahs for 9 people, and finally 2.5 million to under 5 million rupiahs as many as 5 people. It can be concluded that most of the businesses engaged in by SMEs are micro-scale. Meanwhile, regarding the use of e-wallets, from 102 participants, only 29 people have used e-wallets as a medium of payment. This means that the potential for use of e-wallets by SMEs s still wide open.

The resource person for the e-wallet material is Elwi Gunawan, National Customer Acquisition Head of OVO. Elwi started her presentation with an explanation of OVO's product, which is an electronic payment service application. OVO can be used to pay at various places to national scale merchants who accept payment systems using smartphones. Payment can be made through QR scanning, barcode scanning, and using an Electronic Data Capture (EDC) machine. Through these systems, money comes in realtime. In addition to these advantages, Elwi also mentioned other advantages such as the accuracy of nominal payments during transactions, no need to provide change and contactless or contactless transactions which are very important in this pandemic.

OVO offers discounts and attractive promos from various merchants. OVO also provides points for loyal OVO users for each transaction. These points can be used to transact back later. OVO can also be used for transfers between fellow OVO accounts for free, as well as from OVO to bank accounts at low costs. Then Elwi explained the registration procedure as an OVO partner, including the required documents. After that, he explained the order of payment methods using OVO, which can use several methods as mentioned earlier.

After the presentation was completed, a question and answer session was held with the activity participants. Here Elwi suggests separating personal accounts and business accounts for ease of business record keeping. Besides, by separating accounts, the use of money for personal and business purposes will not be mixed. As can see in Figure 1 until Figure 7.
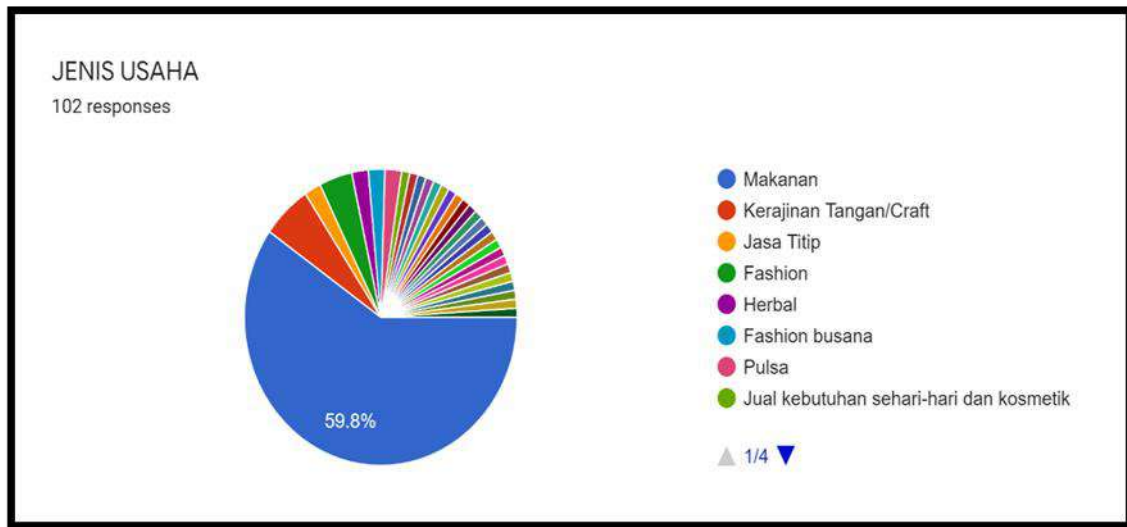
Figure 1.
Type of Business
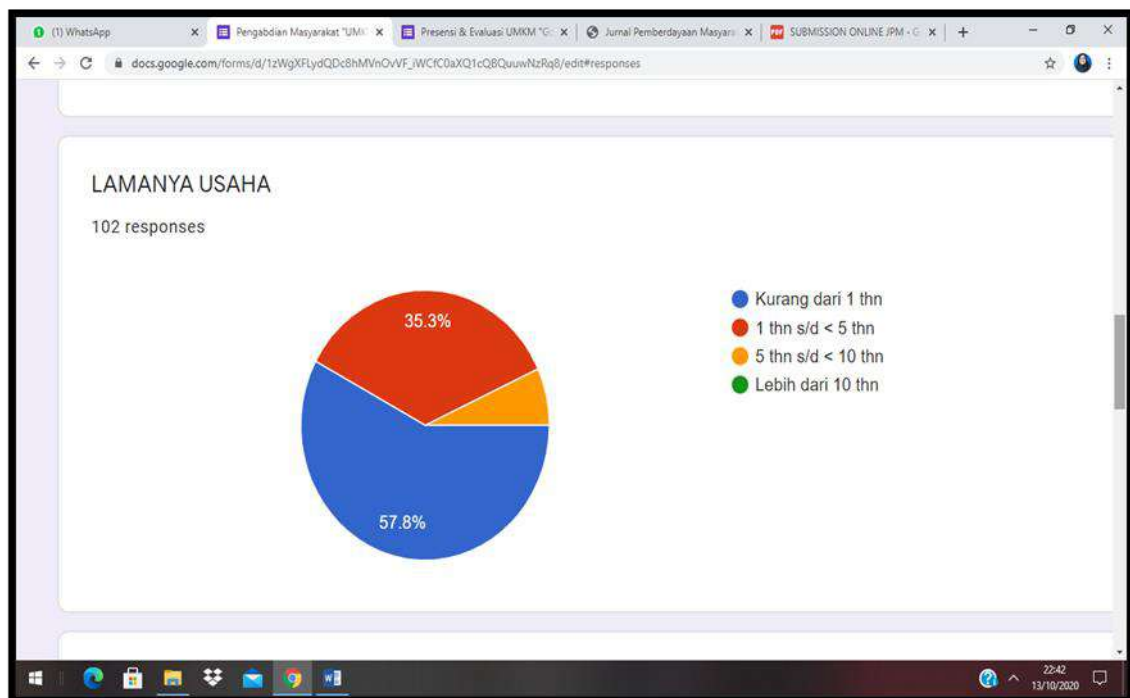Source: The Data Processed by Team (2020)

Figure 2.
Length of Business
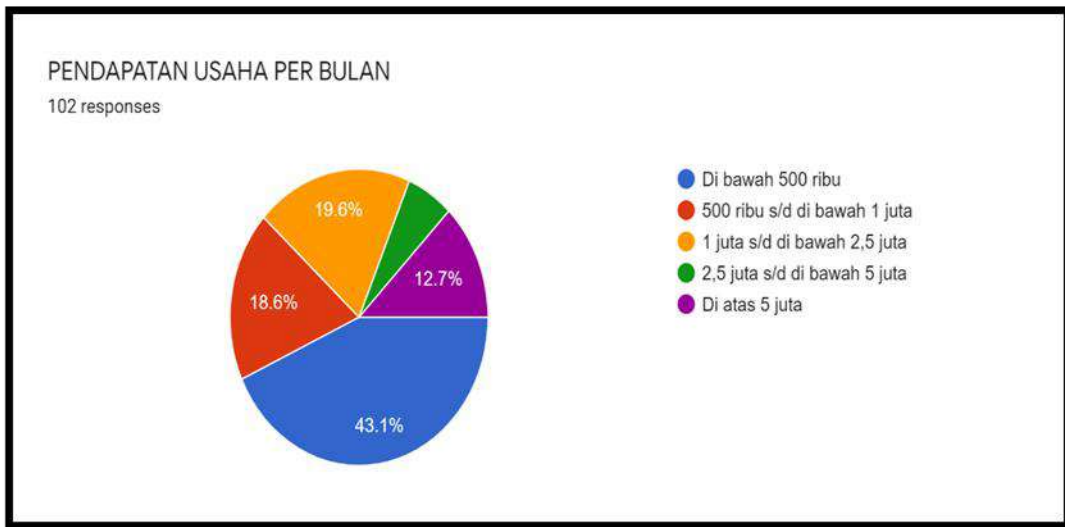Source: The Data Processed by Team (2020)

Figure 3.
Business Income/Month
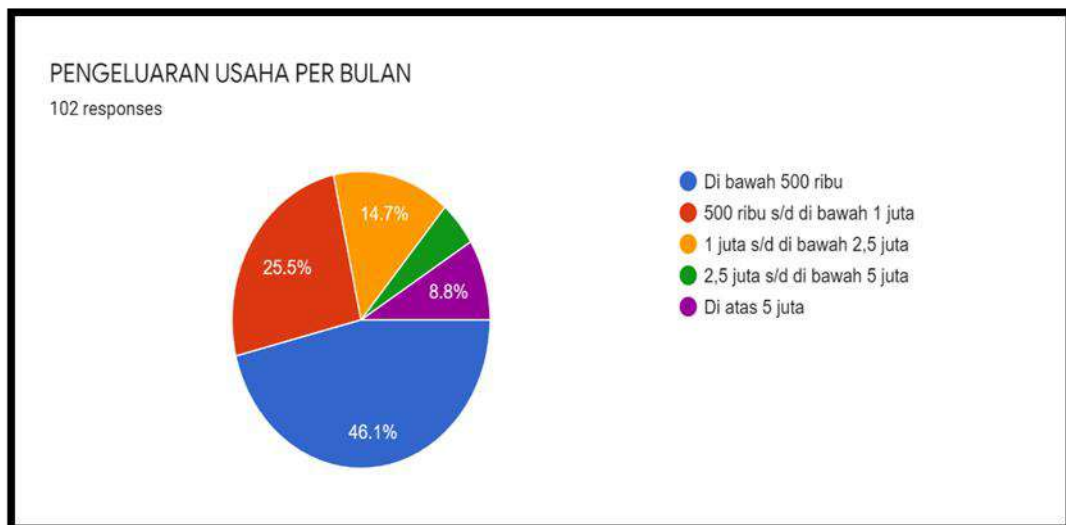Source: The Data Processed by Team (2020)

Figure 4.
Business Expense/Month
Source: The Data Processed by Team (2020)

Figure 5.
The Use of e-Wallet as Medium of Payment
Source: The Data Processed by Team (2020)

Figure 6.
Maximizing the Use of e-Wallets OVO for SMEs in Jakarta through
Zoom Meeting (1)
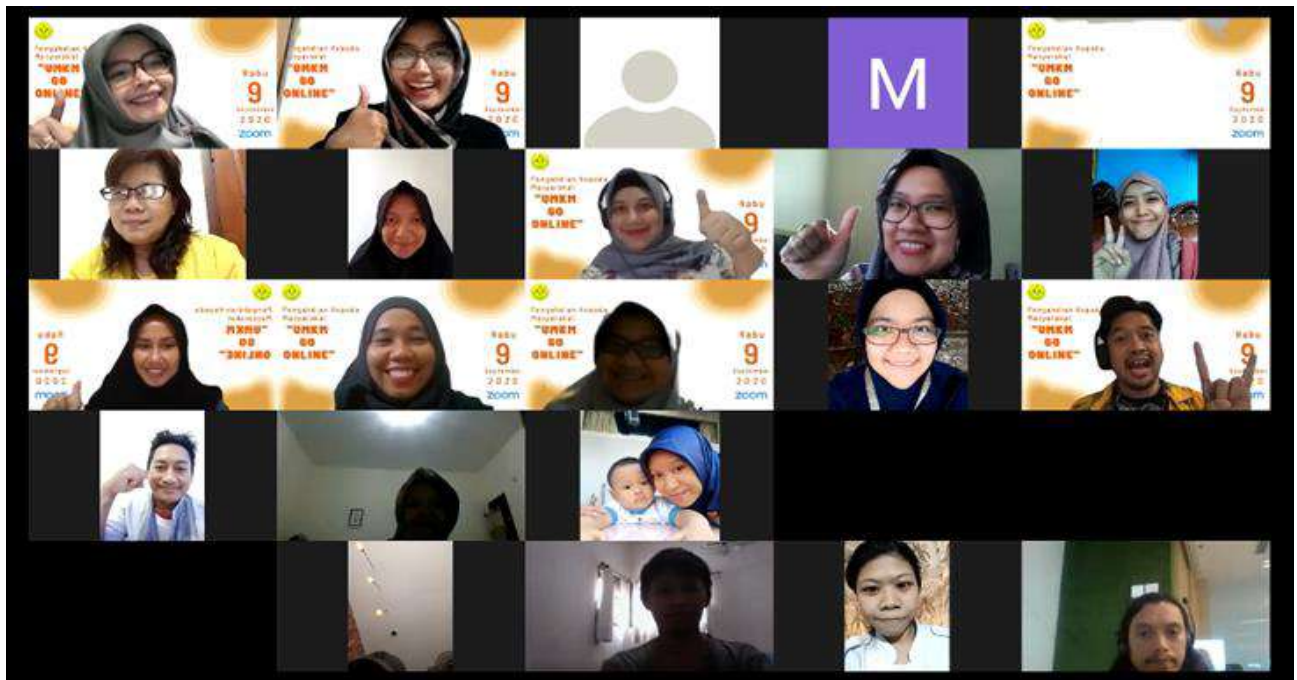Source: Team Documentation (2020)

Figure 7.
Maximizing the Use of e-Wallets OVO for SMEs in Jakarta through
Zoom Meeting (2)
Source: Team Documentation (2020)

CONCLUSION AND RECOMMENDATION

Non-cash e-wallet transactions can be an option for payment transactions that can be used by SMEs. However, this payment method is still not widely adopted by SMEs Distrust of system security, limitations on services and familiarity with cash transactions were among the reasons for inhibiting this adoption. This can be overcome by educating the public.

This activity is a means of socialization and optimization for SMEs in the use of e-wallets to support their business. A resource person from one of the OVO e-wallet platforms conveyed various advantages of this payment system such as nominal transaction accuracy, no need to prepare change, real-time incoming money, and contactless or touchless. The benefits of contactless are especially important during the Covid-19 pandemic like this, where we minimize touch interactions with other people to minimize the spread of the outbreak.

From the implementation of this activity, an insight was obtained that SMEs are interested in utilizing digital wallets, but they face several obstacles. Apart from a lack of understanding of e-wallet products, a lack of expertise in the use of information and communication technology (technology stuttering) is also one reason. Besides, SMEs hope that all forms of transactions will not be charged or free.

The enthusiasm of the participants was quite high seen from the number of participants who registered for activities and interactions that took place both in the WhatsApp group and during the event. They also hope that similar activities can be carried out in the future to support their SME's activities.

Seeing this, it is better if e-wallet system owners provide more socialization, education, and promotion to expand the use of the system by SMEs. This can be strengthened by the support of the government which provides ongoing assistance for SMEs.

REFERENCES

Auliya, M. 2018. *Bayar Tagihan dengan GoPay atau OVO, Amankah?* (Accessed from https://www.domainesia.com/tips/dompet-elektronik-adalah/ on March 3rd, 2020)

Davis, F.D. 1989. Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, Vol. 13 No. 3, pp. 319-340.

Devita, V.D. 2019. *Siapa Aplikasi E-Wallet dengan Pengguna Terbanyak di Indonesia?* (Accessed from https://iprice.co.id/trend/insights/e-wallet-terbaik-di-indonesia/ on March 8th, 2020).

Febrilia, I. 2020. Minat Penggunaan Cashless Payment System – Dompet Digital pada Mahasiswa di FE UNJ. *Jurnal Riset Manajemen Sains Indonesia,* Vol. 11, No. 1.

Kure, E. 2019. *Berikan Solusi Pembiayaan untuk SMES, OVO Hadirkan DanaTara.* (Accessed from https://investor.id/it-and-telecommunication/ovo-hadirkan-danatara on March 8th, 2020).

Movanita, A. 2018. *OVO Sebut Tantangannya Bukan Kompetitor, Tapi Uang Tunai.* (Accessed from https://ekonomi.kompas.com/read/2018/12/21/103010826/ovo-sebut-tantangannya-bukan-kompetitor-tapi-uang-tunai on March 8th, 2020).

Ozturk, A.B. 2016. Customer acceptance of cashless payment systems in the hospitality industry. *International Journal of Contemporary Hospitality Management",* Vol. 28, No. 4, pp. 801-817.

Setyowati, D. 2019. *Riset: Kalahkan OVO, Go-Pay Paling Banyak Digunakan Tahun Ini.* (Accessed from https://today.line.me/id/pc/article/Riset+Kalahkan+OVO+GoPay+Paling+Banyak+Digunakan+Tahun+Ini-X3yeLw on March 8th, 2020).

Sinarmas. 2016. *Teknologi Digital Mengubah Sistem Pembayaran di Indonesia.* (Accessed from http://www.sinarmas.com/blog/?p=22 on March 3rd, 2020).

https://www.bi.go.id/en/sistem-pembayaran/di-indonesia/sekilas/Contents/Default.aspx

https://www.dbs.id/id/sme/businessclass/articles/innovation-and-technology/the-5-differences-between-e-money-and-e-wallet

https://www.wartaekonomi.co.id/read216609/4-tantangan-leapfrog-industri-pembayaran-digital