

SCAN-BARCODE TRANSACTION GROWTH OF FNB MSMEs IN INDONESIA AND MALAYSIA (GROWTH OF MSME FNB SCAN-BARCODE TRANSACTIONS IN INDONESIA AND MALAYSIA)

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Abstract: *The advancement of the technology industry is forcing MSMEs (Micro, Small and Medium Enterprises) particularly in the FnB (Food and Beverages) MSME sector to become more familiar with digital financial transaction activities. The need for a payment mechanism that is fast and safe has given rise to new ideas for digital financial transaction services in the form of payment via e-wallet or scan-barcode (QR Code). QR code inside this study refers to the Quick Response Code Indonesian Standard (QRIS) which has been implemented by Bank Indonesia since January 1, 2020 as a means of payment tool for digital transactions nationally and an official QR Code set by the Central Bank of Malaysia. The largest digital payment application that is widely used by Micro, Small and Medium businesses in Indonesia, namely GoPay, Ovo, GPN, Dana, and Shopeepay, while in Malaysia, namely Grabpay, Alipay and Wechatpay. Along with increasing access to technology in digital payments, a new service was developed in the form of a digital wallet as a successor electronic money. This study aims to examine the effect of digital payment instruments on the total daily income transactions of MSMEs, as well as their role in supporting efficient operations and credit scoring. The research method employs a qualitative approach for MSMEs in Indonesia and Malaysia. Additionally, a quantitative approach will be employed, surveying respondents using questionnaires with a Likert scale specifically designed for QR code users. This hypothesis analysis will prove that the transaction growth variable digital payments together have a positive and significant effect on value MSME income contribution. Therefore, this research will find that interest high MSMEs by providing QR Code digital payment options have an impact on increasing efficiency in managing business and making customers feel satisfied.*

Keywords: Digital Payments, QR Codes, MSMEs, FnB

1. Introduction

Electronic money and e-wallet payments are the most popular forms of digital payments in Indonesia and Malaysia. Given the country's high internet and smartphone penetration rates it is not surprising that both are so frequently used in Indonesia and Malaysia. Besides, because no bank account or credit card is required to register to this platform, folks Indonesia that does not have a bank account can easily follow this trend. As a result, the number of e-money and e-wallet users is greater than that of user's other digital payments that require a bank account.

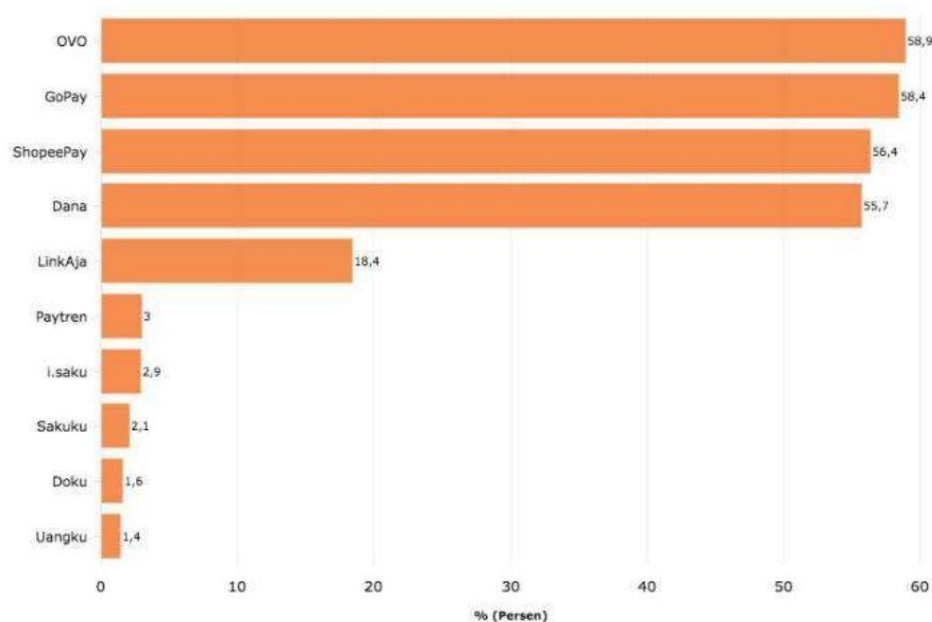


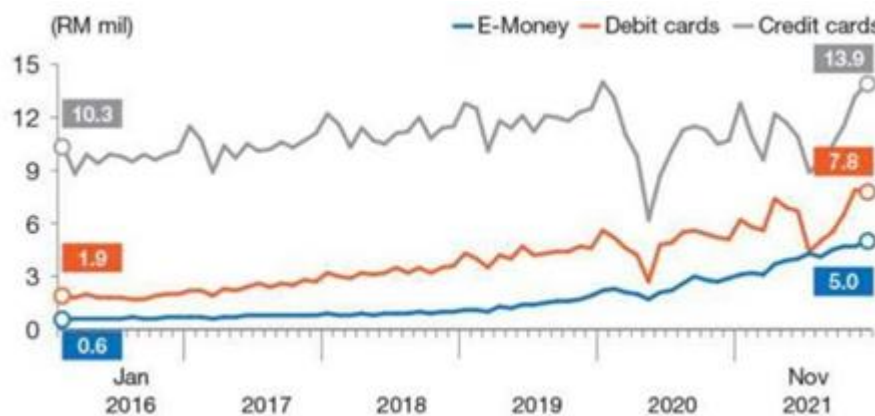
Figure 1. Trends in e-wallets in Indonesia

The DailySocial survey shows the top 5 most digital wallet applications used namely OVO, GoPay, ShopeePay, Dana, and LinkAja. In addition, visible from transaction volume growth Bank Indonesia records digital banking transactions in Indonesia increased 47% YoY through November to IDR 3,877 trillion (USD 269.52 billion), largely as a result of the global expansion of the current COVID-19 pandemic. On quarter III 2021, the value of payment transactions made using electronic money and digital banking increased by 52.5 percent (YoY) and 60.7 percent respectively (YoY).



Figure 2. Electronic Money Transactions (Rp) in Indonesia 2016-2022 Source: Bank Indonesia

Furthermore, Malaysia recorded 233.6 million electronic money (e-money) transactions worth RM5 billion in November 2021, according to data provided by Bank Negara Malaysia (BNM). This is the highest monthly figure since 2016. Cumulatively, 1.87 billion transactions of emoney were recorded from January to November last year, valued at RM45.2 billion.



Source: Bank Negara Malaysia

Figure 3. Electronic Money Transactions (RM) in Malaysia 2016-2022

Due to the rapid growth of the e-wallet system in Malaysia, there are a total of 48 money issuers electronic non-bank registered under Bank Negara Malaysia (Bank Negara Malaysia, 2011) and they account for 19% of the fintech industry according to a report in Fintech News Malaysia (2020). The e-wallet start-up market has become an important aspect of the economy Malaysia. The Central Bank of Malaysia formulated the Financial Sector Master Plan (FSMP) in 2001 to guide and assist the development of state finances. Transformation of the financial sector has since played an important role in supporting economic growth in the area. To take

advantage of this potential, the government took several excellent steps to increase public awareness of the non-cash transaction system and the advantage. For example, Bank Negara Malaysia reduces the fees involved in instant electronic payments of as much as RM5,000, and also increased processing fees related to cheques (Bank Negara Malaysia, 2011). In addition, the government allocates RM30 payments to e-wallet users from national budget for 2020 to increase the use of e-wallets (Teoh et al.,2020). It should be noted that the objective of the Financial Sector Blueprint is to change Malaysia to be a high income and developed country in 2020 in which set to increase digital payment transactions from RM22 to RM200 per capita. This is a great motivation for expanding the use of e-wallets across the country. E Wallet provides consumers with fast, convenient, high-tech and convenience which can be used anytime, anywhere, especially given the increased spending online global.

Although digital payment channels are still in their early development stages, this scenario changes gradually. From the bank's perspective, payment services are a concern of the biggest customer. Therefore, fintech is very important and the most challenging aspect is to make it more efficient and attractive. Most of the e-wallet companies in Malaysia still offering various freebies and cashback to customers for being in Malaysia 92.5% of payments are still cash-based. However, electronic payments increased by 9% annually thanks to different reward-based initiatives (Nizam et al., 2019). E-wallets marketplace tops like Touch'n Go, Grab, and Boost now have millions of downloads. E-wallet rating top in Malaysia, where the first choice of Malaysians is GrabPay followed by Touch n'Go and Boost. This research aims to investigate the factors motivating customers to pay using QR Codes in Malaysia and Indonesia, as well as the factors driving MSMEs to adopt this payment method in both countries. Additionally, the study seeks to examine the potential impact of QR Code usage on the business growth of MSMEs in Indonesia and Malaysia. Understanding these motivations and their influence on customer behavior and business growth is crucial for businesses and policymakers in developing effective strategies and interventions to promote the adoption and acceptance of QR Code payments, ultimately contributing to the growth and competitiveness of MSMEs in these countries.

2. Methodology

This research will employ a mixed-methods approach, incorporating both qualitative and quantitative methodologies to comprehensively investigate the utilization of QR codes for businesses. The qualitative aspect of the research will involve conducting FGDs, which will bring together participants from various backgrounds such as business owners, consumers, and experts in the field. Through these interactive group discussions, valuable insights, opinions, and experiences related to the use of QR codes will be explored. The FGDs will provide a platform for in-depth discussions, allowing researchers to gain a deeper understanding of the benefits, challenges, and potential applications of QR codes in the business context. In addition to FGDs, the research will also utilize in-depth interviews with selected individuals who possess expertise or relevant experience in utilizing QR codes for business purposes. These one-on-one interviews will enable researchers to delve into specific aspects of QR code implementation, capturing detailed insights and personal perspectives. By conducting in-depth interviews, researchers can explore individual experiences, motivations, and perceptions regarding the use of QR codes. The qualitative methods of FGDs and in-depth interviews will provide rich, contextualized data, allowing for a comprehensive understanding of the subject.

The quantitative component of the research will involve collecting data through a structured questionnaire administered to users who have interacted with QR codes in a business setting. These respondents will provide quantitative data by answering specific questions related to their usage patterns, preferences, and perceptions of QR codes. The questionnaire will be designed to gather standardized information, enabling statistical analysis of the collected data. By incorporating quantitative data, the research can identify trends, patterns, and statistical relationships, providing a broader perspective on the utilization of QR codes for businesses.

3. Conclusion

Previous study had found that there are several factors that contribute to the use of QR code payment such as an alternative payment system and integrated with fund source account without the need to top up the transfer (Karmawan, Fernando, & Gui, 2019) perceived usefulness, perceived ease of use, perceived security, perceived compatibility, rewards, and personal innovativeness (Uzairi et al., 2021) and Effort Expectancy, Compatibility, Perceived Information Security, Perceived Social Pressure, and Perceived Enjoyment have a significant influence on the attitude and intention to adopt mobile payment technology Kurniawan et al., 2021). However, there is a lack of studies that have been conducted to compare the use of QR payment methods between Malaysia and Indonesia, from both customer and business perspectives. Therefore, this research is expected to examine the impact of providing QR code digital payment options on the interest of MSMEs and its effects on increasing business efficiency and customer satisfaction.

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