CHAPTER 1

INTRODUCTION

1.1. Background of the study

People used to trade via barter before technology became as advanced as it is now. People used to exchange commodities or services under the barter system. Because technology has advanced, the method of payment has changed, beginning with bartering and progressing to coins and paper money. Cashless payment was first introduced in Indonesia when the Bank of Indonesia issued *Peraturan Bank Indonesia* (PBI No 11/12/PBI/2009) about electronic money in 2009. People began using cashless payments in 2017 for e-toll payments, and they now use the cash payments for various purposes. The advancement of technology has made it much easier to make cashless payments, even with only one application or an ATM card. Because technology has advanced, the payment method has changed, beginning with bartering and progressing to coins and paper money. Until now, digital payment has evolved, which does not require significant amounts of cash and requires the usage of one application by scanning the code or using an ATM card. Behind its convenience, using this digital method also has its drawbacks in terms of the perpetrators and the system itself. Young people in this era found this may not be difficult for them to make transactions, but older people find may be difficult for them because they do not understand how this digital system works. Normally,

people from various circles, young to old, can make transactions easily because of the digital system used to facilitate transactions.

To utilize electronic money, the user must first deposit the money to the publisher, which will then be saved in electronic media in the user's digital wallet before the consumer may use it for transaction purposes. This system is highly endorsed by Bank Indonesia, which designated this on August 14, 2014, as the National Non-Cash Movement Day (GNNT) (Khofisoh, 2020). It is anticipated that it will raise public knowledge of non-cash payment transactions that are more practical and easier so that people may increasingly rely on non-cash payment transactions using digital wallets accessible on the Play Store and App Store. Since the advent of digital wallets, electronic money, debit and credit cards have dominated non-cash transactions, accounting for up to 34% of fintech advancements in Indonesia. The volume of electronic money transactions was the lowest compared to credit and debit cards in the first year, and the volume of electronic money transactions climbed significantly in the second year, nearly exceeding 3 million transactions compared to credit and debit cards, which only reached 500 transactions in 2018 (Khofisoh, 2020). According to the official website of Bank Indonesia, there are more than 359 million electronic money, representing a 15% rise in circulation from January to July 2020, with digital financial transactions in Indonesian e-commerce increasing to 17% (Achmad, 2020).

Because digital wallets are still relatively new to the region, IPSOS Indonesia, (Zada & Sopiana, 2021) conducted research with 1000 respondents from Java, Sumatra, Sulawesi islands, Kalimantan, Bali, and Nusa Tenggara. Bali and Nusa Tenggara are few digital wallet users, accounting for less than 6%. People should know that while this digital wallet is very simple because users only need to scan the QR code to make payment transactions, there are internet connectivity issues that must be resolved, or else the system of this digital wallet application may experience interference and prevent users from transacting. The Governor of Bank Indonesia stated that Bank Indonesia collaborated with various agencies to promote non-cash transactions to encourage the public to reduce their use of cash and to create a "less-cash society." Another consideration for actors is to understand and track customer purchasing behavior in Indonesia, where the typical consumer spends 25 thousand rupiahs on a single purchase. Most MSME companies lack bank accounts, making it difficult to access the digital market. According to Luciana Dita Chandra, AVP of External Affairs at LinkAja, 51% of Indonesians with internet connections do not have bank accounts. Luciana said, currently the number of MSME players or merchants registered for QRIS digital payments has reached 19.3 million." Meanwhile, LinkAja alone has 3 million merchants. So far, LinkAja has aided businesses in becoming realistic, responsible, real-time, safe, and convenient payment instruments for transactions by avoiding sharing confidential information, keeping the OTP code secret, avoiding clicking on unclear links and changing passwords regularly basis (Toewoeh, 2022).

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To accommodate more than 359 million electronic money in circulation, the government provides media for the public to use to save their digital money in the form of cards and digital wallets, one of which is Gojek, which has just become the most popular digital wallet among the public since 2017. Data gathered from a Populix poll, revealed that Gopay was at the top position for commonly used electronic money, reaching 88%, DANA 83%, OVO 79%, Shopee Pay 76%, and Link Aja as much as 30%, utilizing as many as 1000 respondents aged 18 to 55 years in numerous major cities in Indonesia (Ramli, 2022). With the expansion of electronic money and the usage of digital wallets, it may be viewed as individuals embracing technology developments for payment transactions that were previously in the form of cards into digital wallets in the form of smartphone applications. Acceptance of these technological changes is impacted by attitudes and perceptions of the benefits and conveniences felt by the users themselves (Khofisoh, 2020). This study looks at the six most popular digital wallets right now, which are Gopay, Dana, OVO, Shopee Pay, Link Aja, and Sakuku since these digital wallets are heavily utilized by the community and MSMEs (Ramli, 2022). However, in reality, older adults find it difficult to make digital transactions at this time because they do not understand how the system works.

Cashless payment has been a part of modern people's lifestyle as it is very convenient to use but behind its convenience, using digital methods also has its drawbacks in terms of the perpetrators and the system itself. Young people in this

era find this method easy to make transactions, but older people may find it difficult because they do not understand how this digital system works. Considering that not all people from various generations are familiar with cashless payment, it will be interesting to analyze further how people perceive cashless payment. Despite the practicality of cashless payment, for some people these new payment methods require them to be familiar with technology and digital payment. This study aims to see how people from different groups of generation perceive cashless payment.

1.2 FIELD OF THE STUDY

The field of this study is creative industry, pop culture, business, and technology.

1.31   SCOPE OF THE STUDY

The scope of this study is to find out how Semarang people perceive cashless payment.

1.4 RESEARCH QUESTION

The research question is:

How do Semarang people perceive cashless payment?

1.5 OBJECTIVE OF THE STUDY

The objective of the study is

To find out how Semarang people from different generations perceive cashless payment.

1.6 SIGNIFICANCE OF THE STUDY

The results of this study are beneficial as valuable input for studies related to entrepreneurship and the integration of technology in business. The findings of this study will be useful as valuable input for studies on entrepreneurship and the integration of technology in the creative industries in culture and society for business, especially explaining how Semarang people who come from different generations perceive cashless payment using a digital wallet service products such as Gopay, OVO, Dana, Link Aja, Shoppe Pay, and Sakuku.

1.7 DEFINITION OF TERMS

1. Cashless Payment

Cashless transactions are methods of making payments that do not require the use of actual currency, they are a doorway to technological growth in the field of global economics, and the majority of them are secure and easy. All transactions are used online, and no money is used, which is an alternative to traditional paper or coin currencies. Funds were sent using a debit card, credit card, or telephone. A cashless transaction refers to an economic setting whereby goods and services are transacted without cash through electronic transfer or check sheet payment (Paul & Friday, 2012) as cited in (Kumari & Khanna, 2017). It means cashless payments use cards

or digital methods rather than money. (Tee & Ong, 2016 as cited in Kumari & Khanna. (2017) found that cashless payment is a behavioral change in people where people eliminate the usage of money as a medium of exchange for goods and services by allowing electronic transfer payments or non-electronic payment via check sheet. Cashless transactions are methods of making payments that do not require the use of actual currency, they are a doorway to technological growth in the field of global economics, and the majority of them are secure and easy.

2. Perception

Perception is the organization, identification, and interpretation of sensory information to express and understand the presented information or environment. Perception is a process of recognizing or identifying something by using the five senses. Perspective is substantial in studying organizational behavior because people's behavior depends on their perception of reality according to their understanding rather than the fact in general, and they give meaning to their environment (Drever, 2010 as cited in Sulistyowati et al., 2020). Perception as a cognitive process used by individuals to interpret and understand the world around them *objects*; perception is the process of giving meaning to the environment by individuals (Gibson et al, 1989 as cited in Akbar, 2015). This matter may conclude as a direct response to something or the process of someone understanding things via their five senses, such as a table that is not pleasant to use for writing because the brain receives a rough desk stimulus, lots of scribbles, and memories when

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